



Lane (all of whom are defendants in the derivative action) and Halliburton Company (the nominal defendant in the derivative action and the recipient of the shareholder demand submitted by Warner), through their respective duly authorized counsel, that all matters and claims, known and unknown, that were or could have been asserted in the derivative action and in the shareholder demand letter are, subject to Court approval, settled, compromised, satisfied, dismissed and/or withdrawn with prejudice on the terms and conditions of this Agreement and the Release contained in this Agreement.

**I. DEFINITIONS**

A. As used in this Agreement, the following capitalized terms have the following meanings, unless a Section or Subsection of this Agreement provides otherwise:

1. “Action” means the consolidated shareholder derivative lawsuit styled *Policemen and Firemen Retirement System of the City of Detroit, et al. v. Cornelison, et al.*, Cause No. 2009-299987 (Harris Cnty Dist. Ct, 165th Jud. Dist., Tex.), including, without limitation, all lawsuits that have consolidated into the Action as of the Final Settlement Date.

2. “Affiliate” or “Affiliated” means such persons or entities as are defined in 17 C.F.R. Part 210.1-02(b).

3. “Agreement” means this Stipulation of Settlement and its Exhibits attached hereto, including any subsequent written amendments to the Stipulation of Settlement and/or to its Exhibits.

4. "Approval Date" means the date on which the Court enters the Order Approving Settlement and Judgment.

5. "Attorneys' Fees and Expenses Award" means the fees and expenses awarded by the Court to Petitioners' Counsel and Demand Counsel (and any other counsel representing Petitioners and/or the Demanding Shareholder) as provided for in Section IV of this Agreement.

6. "Award Payment Date" means the date by which Halliburton shall satisfy the Attorneys' Fees and Expenses Award, which date shall be no later than ten (10) Business Days following the Court's entry of the Attorneys' Fees and Expenses Award either as part of the Order Approving Settlement and Judgment or through such other order as the Court may issue following the entry of the Order Approving Settlement and Judgment.

7. "Business Day" means a day other than a Saturday, Sunday or Legal Holiday.

8. "Board" means the Board of Directors of Halliburton.

9. "Claim" means any and all actions, causes of action, proceedings, adjustments, executions, offsets, contracts, judgments, obligations, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, variances, covenants, trespasses, damages, demands (whether written or oral), agreements, promises, liabilities, controversies, costs, expenses, attorneys' fees and losses of any sort whatsoever, whether in law, in admiralty or in equity, and whether based on any federal, state or foreign statutory or common-law right of action or otherwise, foreseen or unforeseen, matured or

unmatured, known or Unknown Claims, accrued or not accrued, existing now or to be created in the future, including without limitation claims for breach of fiduciary duty (including the duties of care, loyalty and oversight), corporate waste, failure to pursue claims, corporate mismanagement, unjust enrichment, corporate abuse of control and indemnification.

10. “Company” means Halliburton and each and all of (i) its parents, predecessors, successors, (ii) its current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries, assigns and (iii) all other entities in which Halliburton has or had a Controlling Interest or that has or had a Controlling Interest in Halliburton; *provided* that “Company” shall include, without limitation, Brown & Root, Kellogg Brown & Root, Dresser Industries and The M.W. Kellogg Co; *provided further* that “Company” shall not include KBR, Inc.

11. “Committee Counsel” means the law firm of Proskauer Rose LLP.

12. “Company Counsel” means the law firm of Weil, Gotshal & Manges LLP.

13. “Complete Bar Order” means that portion of the Order Approving Settlement and Judgment, the text of which shall be substantially in the form as set out in paragraph 14 of Exhibit D, which the Settling Parties shall ask the Court to enter and which is an essential term of this Agreement.

14. “Confirmatory Discovery Period” means the period of forty-five (45) days following the Execution Date during which Petitioners and the Demanding Shareholder may conduct confirmatory discovery.

15. “Controlling Interest” means an interest in an entity where such interest is sufficient to allow the interest holder directly or indirectly to control the direction of the management and policies of the entity, whether through ownership of voting shares, by contract, or otherwise.

16. “Corporate Governance and Internal Control Revisions” means the corporate governance and control revisions set out in Exhibit A.

17. “Court” means the District Court for the 165th Judicial District in Harris County, Texas.

18. “Demand Counsel” means the law firm of Robbins Umeda LLP.

19. “Demanding Shareholder” means Traci Warner.

20. “Execution Date” means the date by which this Agreement has been executed by all Settling Parties.

21. “Fairness Hearing” means the hearing at or after which the Court shall make a decision *(i)* whether to approve this Agreement as fair, reasonable and adequate and in the best interest of the Company and its shareholders and *(ii)* whether to grant Petitioners’ Counsel’s and Demand Counsel’s application for an Attorneys’ Fees and Expenses Award.

22. “Final” means, when used in connection with any Court judgment or order, that the judgment or order shall be Final:

a. if no appeal is taken, on the date on which the time to appeal from the judgment or order (including any potential extension of time) has expired; or

b. if any appeal is taken from the order and judgment, the date on which all appeals therefrom – including any petitions for rehearing *en banc*, petitions for *certiorari* or any other form of review and any related appeals or petitions, including as to any appeal bond – have been finally disposed of, such that the time to appeal therefrom (including any potential extensions of time) has expired, in a manner resulting in an affirmance of the relevant judgment or order.

23. “Final Settlement Date” means the date on which the Order Approving Settlement and Judgment in this Action becomes Final.

24. “FCPA” means the Foreign Corrupt Practices Act.

25. “Halliburton” means Halliburton Company.

26. “Individual Defendants” means David J. Lesar, Jay A. Precourt, J. Landis Martin, Debra L. Reed, S. Malcolm Gillis, Alan M. Bennett, James R. Boyd, Milton Carroll, James T. Hackett, Lord Clitheroe, Robert L. Crandall, Kenneth T. Derr, William R. Howell, Aylwin B. Lewis, C.J. Silas, Richard J. Stegemeier, Delano E. Lewis, Charles J. DiBona, William E. Bradford, Ray L. Hunt, Albert O. Cornelison, Jr., C. Christopher Gaut and Andrew R. Lane.

27. “Individual Defendants’ Counsel” means the law firms of Godwin Ronquillo PC, King & Spalding LLP, Haynes and Boone, LLP and Gerger & Clarke.

28. “Legal Holiday” means New Year’s Day, the observance of the Birthday of Martin Luther King, Jr., Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day and any other day designated as a federal or Texas state holiday.

29. “KBR, Inc.” means the stand-alone company formed from Halliburton’s former subsidiary Kellogg Brown & Root, and each and all of (i) KBR, Inc.’s parents, predecessors, successors, (ii) KBR, Inc.’s current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries and assigns, and (iii) all other entities in which KBR, Inc. has or had a Controlling Interest or that has or had a Controlling Interest in KBR, Inc.; *provided however*, that KBR, Inc. does not include any entity that is included in the definition of Company as set out in Section I.A.10.

30. “Master Separation Agreement” means the agreement between Halliburton and KBR, Inc. dated on or about November 20, 2006 setting out the principal arrangements between and among them regarding the separation of the KBR, Inc. from Halliburton.

31. “Nigerian Bribery Scheme” means the scheme involving or relating to the payment of bribes or other monies or the provision of any improper remunerations to Nigerian government officials in connection with the Bonny Island project, including without limitation all allegations made by the United States Securities and Exchange Commission, the United States Department of Justice, or any other United States or foreign governmental entity relating to such scheme.

32. “Notice and Administrative Expenses” means all expenses associated with administration of this Settlement, including the fees and expenses associated with publishing the Publication Notice; *provided however*, that Notice and Administrative Expenses shall not include the Attorneys’ Fees and Expenses Award.

33. “Objection Date” means the date by which objections to the Settlement proposed in this Agreement must be filed with the Court and served on counsel as set out in the Preliminary Approval Order.

34. “Order Approving Settlement and Judgment” means the order and final judgment to be entered by the Court approving the Settlement and this Agreement and dismissing the Action as contemplated in Section VII of this Agreement, which order and judgment shall be substantially in the form as set out in Exhibit D.

35. “Petition” means the Consolidated Shareholder Derivative Petition filed by Petitioners on or about January 19, 2010.

36. “Petitioners” means the Detroit Policemen and Firemen Retirement System and the Central Laborers’ Pension Fund.

37. “Petitioners’ Counsel” means the law firms of Grant & Eisenhofer P.A., Robbins Geller Rudman & Dowd LLP, The Lanier Law Firm, PC, The Lanier Law Firm, PLLC, Crowley Norman LLP, and Edison McDowell & Hetherington LLP.

38. “Preliminary Approval Date” means the date on which the Court enters the Preliminary Approval Order.

39. “Preliminary Approval Order” means the order to be entered by the Court concerning notice, administration and the Fairness Hearing, as contemplated in Section VI of this Agreement, which order shall be substantially in the form as set out in Exhibit B.



40. “Publication Notice” means the notice described in Section III.B.1 of this Agreement, as approved by the Court, which notice shall be substantially in the form as set out in Exhibit C.

41. “Release” means the release set forth in Section III.E of this Agreement.”

42. “Released Defendants’ Claims” means each and every Claim that has been or could have been asserted by the Company and any Individual Defendant or his, her or its respective estates, heirs, executors, agents, attorneys (including Individual Defendants’ Counsel), beneficiaries, accountants, trusts, trustees, administrators and assigns against any Petitioner, the Demanding Shareholder, any other Securities Holder, the Company or any of their respective attorneys (including without limitation Company Counsel, Committee Counsel, Petitioners’ Counsel and Demand Counsel) and that arises out of or relates in any way to the initiation, prosecution or settlement of the Action, the submissions or resolution of the Shareholder Demand, or the implementation of this Agreement.

43. “Released Securities Holder/Company Claims” means each and every Claim that any Petitioner, the Demanding Shareholder, any other Securities Holder or the Company asserted or could have asserted directly or derivatively against any of the Releasees – whether in the Action (including all Claims alleged or asserted in the Petition (or any prior version of the Petition) or in any petition or complaint filed in any action consolidated into this Action as of the Final Settlement Date), in the Shareholder Demand, or in any other action, proceeding or demand involving the facts and

circumstances that gave rise to the Action or the Shareholder Demand – to the extent that such Claims relate, as of, on or before the Final Settlement Date, directly or indirectly to any Releasee’s action or inaction (including failures to monitor, supervise, oversee or assert claims), oral or written statements, misrepresentations, omissions, facts, events, matters, transactions or occurrences respecting (i) the alleged payment of bribes or other monies or the provision of any allegedly improper remuneration to governmental officials, in alleged violation of the FCPA or any similar law; (ii) contracts to provide logistical assistance to the United States military and other governmental persons or entities (including any kickbacks allegedly paid or received in connection with such contracts and any provision of services or alleged failure to provide services under those contracts); (iii) alleged violations of the False Claims Act; (iv) alleged violations of law in connection with doing business with Iran, Iraq, Libya, or any other sanctioned country; (v) alleged violations of environmental laws (including laws relating to the mismanagement or illegal disposal of hazardous waste or radioactive materials); (vi) alleged improper financial accounting or changes in accounting methodologies; (vii) alleged creation of “tax havens”; (viii) alleged violations or irregularities concerning the Company’s pension plans; (ix) the separation of KBR, Inc.; (x) adoption or implementation of business strategies relating to the foregoing matters; (xi) the Company’s policies, practices, procedures, or controls relating to the foregoing matters; or (xii) compliance with laws and rules relating to the foregoing matters; all of which, without limiting the generality of any of the foregoing (i) through (xii), specifically includes Claims relating to any of the allegations contained in the Petition, subsequent

assertions by Petitioners and/or the Shareholder Demand, that relate to, or arise out of, the events alleged to have occurred through and including the Execution Date, respecting:

a. the payment of bribes or other monies or the provision of any improper remunerations to governmental officials in violation of, among other things, the FCPA or any similar law, including (i) the Nigerian Bribery Scheme, (ii) the failure to maintain accurate books and records relating to the payment of any bribes, including relating to the Nigerian Bribery Scheme, and (iii) the payment of any penalties to any government entity in connection with any bribery scheme, including in connection with the Nigerian Bribery Scheme;

b. contracts to provide logistical assistance to the United States military (including in war zones), including (i) overcharging the government respecting such contracts in general and specifically with respect to such items as the provision of fuel to the military and of meals to soldiers and/or military contractors, (ii) failing to maintain an adequate control system for vehicle purchases and (iii) inflating bids of subcontractors;

c. any violations of the False Claims Act;

d. any kickbacks received by Company employees in connection with the provision of services under government contracts;

e. any schemes to defraud the Department of Defense in connection with the Company's performance under contracts to provide logistical assistance to the United States military;

f. the provision of services to the United States military that resulted in bodily harm to or death of United States troops, contractors, subcontractors or any other individual, including (i) the provision of contaminated or untreated water or unsafe electrical work to such individuals, (ii) the failure to sustain electrical support systems, (iii) the exposure of any such individuals to environmental hazards by, among other things, disposing of nuclear, biological, chemical and/or decontamination materials into burn pits, or (iv) the failure to protect the safety of any such individuals;

g. any violations of law, including federal regulations promulgated by the United States Office of Foreign Assets Control, the United States Treasury or any other governmental entity, relating to business undertaken in Iran, Iraq, Libya or in any other sanctioned country, or with respect to business in any countries, whether sanctioned or not, that engage, or have engaged, in human rights violations;

h. any conduct occurring in connection with the Company's performance under a contract for the provision of services to the United States military that put civilian lives at risk;

i. any accounting irregularities or improper changes in accounting methodologies, including alleged violations arising out of changes in accounting for unapproved claims and accounting for bill and hold, joint venture interests, cumulative transaction adjustments for dormant entities, tax accruals and securitizations of accounts receivable;

j. any discussions, negotiations or other communications with any regulatory entities, including the United States Securities and Exchange Commission

or the Department of Justice, in connection with any proceedings, reviews or investigations undertaken by these entities or any other governmental entities regarding any of the matters identified in Sections I.A.43.a through I.A.43.i above, including any production of documents in connection with any such proceedings, reviews or investigations, any failures to cooperate with any government entity in connection with any such proceedings, reviews or investigations, and any efforts to resolve any disputes or allegations of alleged wrongdoing;

k. any failures to adopt, implement, oversee, monitor or maintain adequate internal controls, policies, practices or procedures, including any failures to ensure compliance with such controls through and including the Execution Date;

l. the decisions to create KBR, Inc. as a stand-alone company and to divest Halliburton's ownership interest in it, including the discussions and negotiations that led to those decisions and the creation of KBR, Inc., entry into the Master Separation Agreement and the decision to indemnify KBR, Inc. for any matters as set out in the Master Separation Agreement, including for governmental penalties arising out of the Nigerian Bribery Scheme;

m. any regulatory filing, public statement, press release, disclosure or representation relating to any of the allegations contained in the Petition, subsequent assertions by Petitioners and/or the Shareholder Demand that was made prior to the Execution Date;

n. any financial statement (or portion thereof), whether audited or unaudited, or any report or opinion relating to any financial statement (or portion thereof), contained in any internal or external memorandum, report, analysis or opinion relating to any of the allegations contained in the Petition, subsequent assertions by Petitioners and/or the Shareholder Demand that was issued prior to the Execution Date;

o. the defense or settlement of the Action or the resolution of the Shareholder Demand;

p. the Board's supervision and oversight of the Company's management and affairs, including any alleged incidents of gross mismanagement that relate to, or arise out of, the events alleged to have occurred through and including the Execution Date;

q. except as provided in this Agreement, any and all Claims (i) for attorneys' fees, expert witness fees and/or other costs or disbursements incurred by Petitioners' Counsel, Demand Counsel or any other counsel representing Petitioners in this Action or the Demanding Shareholder in connection with the Shareholder Demand, (ii) by Petitioners, or any of them, in connection with or in any way related to this Action and/or the settlement of the Action and (iii) by the Demanding Shareholder in connection with or in any way related to the Shareholder Demand and/or the resolution of the Shareholder Demand;

r. any breaches of fiduciary duty (or any other duty placed upon corporate directors and/or officers by common law or statute) and/or obligations

under federal, state or foreign law with respect to conduct or inaction that relates to, or arises out of, the events alleged to have occurred through and including the Execution Date;

s. any corporate waste alleged to have been committed in connection with conduct or inaction that relates to, or arises out of, the events alleged to have occurred through and including the Execution Date;

t. any unjust enrichment of the Company's current and former officers and directors that relates to, or arises out of, the events alleged to have occurred through and including the Execution Date; and

u. any failure to (i) bring Claims against any individual or entity arising out of or related to any of the conduct or matters described above or alleged in the Petition, subsequent assertions by Petitioners and/or the Shareholder Demand, including any failure to bring Claims against KBR, Inc. and (ii) obtain tolling agreements from any individuals or entities against whom Claims might be brought respecting any of the conduct or matters described above or alleged in the Petition, subsequent assertions by Petitioners and/or the Shareholder Demand;

*provided* that the term "Released Securities Holder/Company Claims" shall not include Claims that were pled in the *Warner* Matter.

44. "Releasee" means each and every one of, and "Releasees" mean all of, (i) the Individual Defendants, (ii) the Company, (iii) KBR, Inc. and (iv) each of the Company's and KBR Inc.'s past and present officers, directors, employees, officials, members, partners, principals, agents, representatives, attorneys (including any and all in-

house and outside counsel, including without limitation, Company Counsel, Committee Counsel and Individual Defendants' Counsel), advisors, administrators, auditors (including any and all internal and external auditors), accountants, consultants, service providers, successors-in-interest, and insurance carriers of any or all of the foregoing; *provided* that, respecting a Releasee who is a person, "Releasee" shall also mean each and all of such Releasee's respective estates, heirs, executors, beneficiaries, trusts, trustees, and assigns.

45. "Releasor" means each and every one of, and "Releasors" means all of, (i) the Company and its counsel (including Committee Counsel and Company Counsel), (ii) Petitioners, the Demanding Shareholder and all other Securities Holders, (iii) Petitioners', the Demanding Shareholder's, and all other Securities Holders' parents, predecessors, successors, current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries and assigns, and all other entities in which any of them has or had a Controlling Interest or that has or had a Controlling Interest in any of them, (iv) past and present officers, directors, employees, officials, members, partners, principals, agents, representatives, attorneys (including any and all in-house and outside counsel, including without limitation Petitioners' Counsel and Demand Counsel), advisors, administrators, auditors (including any and all internal and external auditors), accountants, consultants, service providers, successors-in-interest and insurance carriers of any or all of the foregoing and (v) any other person or entity (including any governmental entity) claiming by or through, on behalf of, for the benefit of, derivatively for, or as representative of any other Releasor; *provided* that respecting



any Releasor who is a person, “Releasor” shall also mean each and all of such Releasor’s respective estates, heirs, executors, beneficiaries, trusts, trustees and assigns.

46. “SARC” means the Shareholder Allegation Review Committee created by the Board in July 2010.

47. “Settlement” means the settlement terms, conditions and other provisions that are memorialized in this Agreement.

48. “Settling Parties” means Halliburton, Petitioners, the Demanding Shareholder and the Individual Defendants.

49. “Securities Holders” means any and all individuals or entities that hold or beneficially own, directly or indirectly, common stock or other equity securities of Halliburton on or before the Approval Date .

50. “Shareholder Demand” means the January 5, 2011 shareholder litigation demand letter submitted on behalf of Traci Warner to the Halliburton Board of Directors.

51. “Tax Sharing Agreement” means the agreement that was executed between Halliburton and KBR, Inc. as an ancillary agreement to the Master Separation Agreement.

52. “Termination Date” means that date on which any of the Settling Parties provides notice that he, she or it is exercising a right to terminate this Agreement under Section IX of this Agreement.

53. “Unknown Claim” means any and all (*i*) Released Securities Holder/Company Claims that any Releasor does not know or suspect exists with respect

to one or more Releasees at the time of the release of the Releasees or (ii) Released Defendants' Claims any Releasee does not know or suspect exists with respect to one or more Releasers at the time of the release of the Releasers, which, if known by such Releasee or Releaser (as the case may be) might have affected his, her or its decision(s) concerning this Agreement. As to all Claims released in this Agreement, each of the Petitioners, the Demanding Shareholder, the Company, Individual Defendants, Petitioners' Counsel, Demand Counsel, Committee Counsel, Company Counsel and Individual Defendants' Counsel expressly waives, and each Securities Holder shall be deemed to have waived, and by operation of the Order Approving Settlement and Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or of any other country, or any principle of federal or common law, that is similar, comparable or equivalent to California Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Petitioners, the Demanding Shareholder, the Company, Individual Defendants, Petitioners' Counsel, Demand Counsel, Committee Counsel, Company Counsel and Individual Defendants' Counsel acknowledge, and all other Securities Holders by operation of law shall be deemed to have acknowledged, that the inclusion of Unknown Claims in the Claims released pursuant to the Agreement was separately bargained for and is a key element of this Agreement.

54. “*Warner Matter*” means the shareholder derivative lawsuit styled *Warner v. Lesar, et al.*, Cause No. 2011-09567 (Harris Cnty. Dist. Ct, 190th Jud. Dist., Tex.).

B. Capitalized terms used in this Agreement but not defined above shall have the meanings ascribed to them in this Agreement.

## **II. BACKGROUND**

### **A. The Action**

1. In May 2009, the Detroit Policemen and Firemen Retirement System and the Central Laborers’ Pension Fund each filed a shareholder derivative action in state court in Harris County, Texas. Both petitions asserted that defendants had breached their fiduciary duties to Halliburton based on a variety of alleged misconduct that had allegedly occurred because of a systemic lack or failure of internal controls at Halliburton. The petition filed by the Detroit Policemen and Firemen Retirement System also alleged that there was a continued lack of internal controls at KBR, Inc. following its separation from Halliburton.

2. In October 2009, the Court granted an unopposed motion to consolidate the two actions into this Action and to appoint Petitioners’ Counsel as lead counsel. In January 2010, Petitioners filed the Petition, asserting claims on behalf of Halliburton against the Individual Defendants. The Petition did not make any claims on behalf of or against KBR, Inc. or against any of its officers or directors.

3. The Petition, which alleges demand futility, claims that the Individual Defendants are directly and indirectly responsible for the misconduct alleged

in the Petition. It alleges a wide array of misconduct, including violations of the FCPA based on the Nigerian Bribery Scheme, fraud and abuse related to government contracts to provide logistical assistance to the United States military, receipt of kickbacks respecting government contracts, harm to United States troops and others in connection with the provision of certain services to the United States military, conducting illegal business in Iran, the violation of export controls, the dumping of hazardous waste, the failure to sue alleged wrongdoers, and improper accounting. It further alleges that this misconduct collectively demonstrates the Individual Defendants' failure to implement and monitor adequate internal controls and that such failure was in breach of the Individual Defendants' fiduciary duties.

**B. Halliburton's Response to the Action**

1. A few days after the original actions were filed in May 2009, the Board formed a Special Advisory Committee to consider the matters raised in the actions. The Board charged the Special Advisory Committee with making a recommendation to the Board as to the appropriate process to consider in responding to the derivative allegations.

2. Halliburton, acting through the Special Advisory Committee, and the Individual Defendants filed special exceptions to the Petition in which they argued that Petitioners lacked standing to bring the lawsuit on a derivative basis because they had neither *(i)* made a pre-suit demand on the Board requesting that Halliburton consider the merits of the claims nor *(ii)* explained with particularity why they were not required to make such a demand. Petitioners' Counsel filed a response to the special exceptions.

3. In July 2010, while the special exceptions were pending (and before the Court had heard argument on them), the Special Advisory Committee resolved, among other things, that the Board form a new committee and charge it with investigating the derivative claims made in the Petition. Consistent with that recommendation, the Board created the SARC and authorized it to seek a stay of the Action while it conducted a review into the allegations raised in the Petition. Subject to its consideration of the SARC's findings and recommendations, the Board retained full authority to act on the matters alleged in the Petition.

4. Consistent with the Board's instructions, Company Counsel informed the Court of the creation of the SARC and sought a stay of proceedings pursuant to Texas Business Corporations Act Article 5.14.D(1). Petitioners agreed to join in the motion. The Court granted the initial motion for a stay and subsequently agreed motions to extend the stay, during which period the SARC conducted its review.

### **C. Shareholder Demand**

1. In January 2011, shareholder Traci Warner submitted a Shareholder Demand to the Board. The Shareholder Demand alleges essentially the same conduct that gave rise to violations of the FCPA alleged in the Petition.

2. The Shareholder Demand identifies as culpable parties 19 current and former directors of Halliburton, all of whom also are named as defendants in the Petition. It alleges that the culpable parties had a duty to implement and enforce policies and procedures regarding the Company's use of foreign agents in compliance with the

FCPA and to initiate action against officials who caused or allowed violations of the FCPA to occur.

3. The Shareholder Demand was forwarded to the SARC and the SARC addressed the Shareholder Demand allegations in its review.

**D. The Board's Resolution**

1. After conducting a thorough review, the SARC presented its findings and recommendations to the Board in March 2011.

2. Based on its consideration of the SARC's findings and recommendations, the Board resolved, among other things, that (i) the SARC's review was reasonable and undertaken in good faith and was sufficiently thorough and objective, (ii) each of the then-current directors, other than David Lesar, James Hackett and S. Malcolm Gillis (all of whom voluntarily recused themselves from participating in the disposition of the shareholders' allegations), was sufficiently independent and disinterested to respond to the Petition and Shareholder Demand, (iii) each of the Individual Defendants at all times adequately fulfilled his or her duties of care and loyalty and otherwise acted in the best interests of the Company and its shareholders, including through the implementation, maintenance and oversight of an internal compliance, accounting and disclosure control environment and (iv) there is no merit to the claims asserted in the Petition and Shareholder Demand, no Individual Defendant would likely be subject to liability as to such matters, and such claims would not otherwise be in the best interests of the Company to pursue, whether by Securities Holders or by the Company itself.

3. The Board instructed Committee Counsel to enter into discussions with counsel for the Petitioners and the Demanding Shareholder to determine whether a negotiated resolution of the Petition and the Shareholder Demand was possible.

**E. Settlement Discussions and Mediation**

1. Committee Counsel, Petitioners' Counsel and Demand Counsel began initial settlement discussions in May 2011. While no resolution was reached as a result of these initial discussions, the Settling Parties agreed to continue their discussions.

2. In early 2012, Committee Counsel, Petitioners' Counsel and Demand Counsel entered into a series of mediation sessions with mediator Gary V. McGowan of McGowan Dispute Resolution. Also present at the mediation sessions were in-house counsel for Halliburton, counsel representing various insurance carriers that provide liability insurance to the Company's officers and directors, and the broker responsible for placing the Company's directors' and officers' liability insurance program.

3. Prior to the initial face-to-face meeting with the mediator, the Settling Parties provided extensive mediation submissions to the mediator.

4. An initial full-day, face-to-face meeting was held with Mr. McGowan on January 25, 2012. While progress was made at the meeting, a resolution was not reached. A second full-day, face-to-face meeting was held with Mr. McGowan on February 9, 2012. Throughout these sessions (and even before them), the Settling Parties had extensive discussions regarding the Corporate Governance and Internal Control Revisions.

5. At the February 9, 2012 session the Settling Parties reached an agreement in principle to resolve the Action and Shareholder Demand. This agreement was subject to, among other things, the execution of a full settlement agreement and Court approval.

**F. Confirmatory Discovery**

1. As part of the agreement in principle, the Settling Parties agreed that Petitioners and the Demanding Shareholder may conduct confirmatory discovery during the Confirmatory Discovery Period to assess (i) the independence and disinterestedness of the Board members who determined how to proceed with respect to the Action and the Shareholder Demand and (ii) the reasonableness of the procedures followed by the SARC in conducting the review; *provided* that all discovery conducted pursuant to this Section II.F shall be conducted pursuant to a mutually acceptable confidentiality agreement that includes, among other things, a provision that all such discovery may be used solely for the purposes set out in this Section and for no other purpose, including litigation of any Released Securities Holder/Company Claims or Claims relating to or arising out of the Action or the *Warner* Matter

2. Petitioners and the Demanding Shareholder have the right, in their sole discretion, to terminate the Agreement at any time during the Confirmatory Discovery Period if any of the information provided to them in confirmatory discovery causes them to change their current opinion that the terms of this Agreement are fair, reasonable and adequate and in the best interests of the Company and its shareholders. Notice of such termination shall be pursuant to Section IX.



3. Throughout the pendency of the Action, the Shareholder Demand and the Confirmatory Discovery Period, various consultants and experts, including those with expertise in director and officer fiduciary duties, and counsel competent in litigation involving these issues, have advised the Settling Parties.

**G. Settlement Considerations**

1. Based upon (i) investigation into and evaluation of the facts and laws relating to the Claims alleged in the Action, including investigating the facts and laws prior to initiating the Action, (ii) information obtained from the Company and Individual Defendants prior to the Execution Date, (iii) the completion of confirmatory discovery as contemplated in Section II.F, (iv) investigations and legal analysis conducted during the pendency of the Action and Shareholder Demand, (v) motion practice during the litigation, (vi) extensive consultation with experts and (vii) sessions with the mediator, Petitioners and the Demanding Shareholder have agreed to settle the Action and the Shareholder Demand and to release the Releasees from Released Securities Holder/Company Claims pursuant to the terms of this Agreement.

2. Based upon the Board's determinations regarding the allegations in the Petition and the Shareholder Demand, which determinations in turn are based upon the findings and recommendations of the SARC, Halliburton expressly denies that the Claims made in the Action and Shareholder Demand have any merit or that they are in the best interests of the Company or its shareholders to pursue. Individual Defendants expressly deny all assertions of wrongdoing or liability arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action or

Demand Letter. Halliburton and the Individual Defendants nevertheless consider the Settlement as set out in this Agreement to be in the best interests of the Company and its shareholders because it will, among other things, (i) bring to an end the expenses, burdens and uncertainties associated with continued litigation of the Action and/or pursuit of the Shareholder Demand and (ii) confer substantial material benefits on the Company through adoption of significant new and revised Corporate Governance and Internal Controls and avoidance of potential further expenses and disruption of management and operation of the Company due to the pendency and defense of the Action and Shareholder Demand.

### **III. TERMS AND CONDITIONS OF THE SETTLEMENT**

#### **A. Settlement Relief**

1. Within ninety (90) days following the Final Settlement Date, the Board shall implement the Corporate Governance and Internal Control Revisions set out in Exhibit A, which implementation shall be consistent with the Statement of Intent contained therein.

#### **B. Notice to Securities Holders and Other Communications with Securities Holders**

##### **1. Publication Notice**

a. Subject to the requirements of the Preliminary Approval Order and Section IX, no later than five (5) Business Days following either the expiration of the Confirmatory Discovery Period or Petitioners' Counsel's and Demand Counsel's certification that they have satisfactorily completed confirmatory discovery (unless the

Court directs otherwise), (i) the Settling Parties shall cause the Publication Notice to be published in *The Wall Street Journal*, *The Houston Chronicle* and *Investor's Business Daily*, (ii) Halliburton shall cause the Publication Notice to be filed with the United States Securities and Exchange Commission as an attachment to a Form 8-K and (iii) Halliburton shall publish the Publication Notice and the Agreement on its website.

b. A copy of the Publication Notice, substantially in the form as set out in Exhibit C, shall be submitted to the Court for approval at the time the Settling Parties submit this Agreement to the Court.

## 2. **Direct Communications with Securities Holders**

a. The Company expressly reserves the right to communicate with and respond to inquiries by Securities Holders with respect to matters unrelated to this Agreement.

b. The Company may undertake such efforts to communicate with Securities Holders regarding the Settlement as it deems necessary or appropriate, including telephone communications; *provided* that to the extent such communications address the terms of the Settlement, either (i) the Company will not undertake such communications with Securities Holders without providing prior notice to Petitioners' Counsel and Demand Counsel or (ii) the Company will refer Securities Holders to Petitioners' Counsel and/or Demand Counsel.

## 3. **Other Communications**

a. The Settling Parties, Petitioners' Counsel, Demand Counsel, Company Counsel, Individual Defendants' Counsel and Committee Counsel

agree to cooperate in good faith to ensure that (i) any comments about or descriptions regarding the proposed Settlement that are made in the media or any other public forum are accurate and (ii) any press release regarding the proposed Settlement shall be circulated in advance for review and comment by all Settling Parties, Petitioners' Counsel, Demand Counsel, Company Counsel, Individual Defendants' Counsel and Committee Counsel.

b. Notwithstanding this Section III.B.3, nothing shall prevent the Company from making any and all disclosures regarding the proposed Settlement it believes may be required or appropriate, including disclosures to regulators, stock exchanges, analysts, attorneys, accountants and insurance carriers, without notification to or prior review of the other Settling Parties, Petitioners' Counsel or Demand Counsel.

**C. Notice and Administrative Expenses**

1. Halliburton shall be responsible for the payment of all Notice and Administrative Expenses.

**D. Dispute Resolution**

1. In the event Company Counsel, Committee Counsel, Petitioners' Counsel, Demand Counsel or Individual Defendants' Counsel have a dispute as to the Notice to be provided to Securities Holders or the administration of this Agreement, such dispute shall be submitted to Gary V. McGowan Dispute Resolution for binding, nonreviewable resolution.

2. In the event a dispute is submitted to Mr. McGowan pursuant to this Section III.D.1, the Company shall pay or cause to be paid any fees charged or expenses incurred by Mr. McGowan in connection with such dispute resolution.

**E. Releases and Waivers, and Order of Dismissal**

**1. Releases and Waivers**

a. Pursuant to the Order Approving Settlement and Judgment, without further action by anyone, and subject to Sections III.E.1.d and III.E.1.e, on and after the Final Settlement Date, Petitioners, the Demanding Shareholder, all other Securities Holders, and the Company, on behalf of themselves and all other Releasers, shall be deemed to have, and by operation of law and of the Order Approving Settlement and Judgment shall have fully, finally, and forever released, relinquished, settled and discharged:

(1) all Released Securities Holder/Company Claims against each and every one of the Releasees;

(2) all Claims that have been or could have been asserted by any Releaser against any Releasee and that arise out of or relate in any way to the defense or settlement of the Action, the resolution of the Shareholder Demand, or the implementation of this Agreement; and

(3) except to the extent otherwise specified by this Agreement, all Claims that have been, could have been, or could be asserted by any Releaser against any Releasee for attorneys' fees, costs or disbursements incurred by Petitioners' Counsel, Demand Counsel, any other counsel representing Petitioners, the

Demanding Shareholder or any other Securities Holder, Committee Counsel, or Company Counsel in connection with or related in any manner to the Action, the Shareholder Demand, the settlement of the Action, the resolution of the Shareholder Demand, or the administration of the Action and/or its settlement.

b. Pursuant to the Order Approving Settlement and Judgment, without further action by anyone, and subject to Sections III.E.1.d and III.E.1.e, on and after the Final Settlement Date, Releasees, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Order Approving Settlement and Judgment shall have fully, finally and forever released, relinquished, settled and discharged all Releasers from any and all Released Defendants' Claims.

c. Except to the extent otherwise specified in this Agreement, pursuant to the Order Approving Settlement and Judgment, without further action by anyone, and subject to Sections III.E.1.d and III.E.1.e, on and after the Final Settlement Date, Petitioners' Counsel, Demand Counsel, Company Counsel, Committee Counsel and Individual Defendants' Counsel, on behalf of themselves, their predecessors, successors, Affiliates, assigns, and any person or entity claiming by or through any of them, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Order Approving Settlement and Judgment shall have fully, finally and forever released, relinquished, settled and discharged as to each other from any and all Claims (including Unknown Claims) that arise out of or relate in any way to the initiation, prosecution or

settlement of the Action, the submissions or resolution of the Shareholder Demand, or the implementation of this Agreement.

d. Notwithstanding any other provision of this Section III.E, nothing in the Order Approving Settlement and Judgment shall bar any Claim

(1) by any of the Settling Parties, Petitioners' Counsel, Demand Counsel, Committee Counsel, Company Counsel and Individual Defendants' Counsel to enforce the terms of this Agreement or the Order Approving Settlement and Judgment;

(2) by the Company to enforce, as the Company deems appropriate, the terms of the Master Separation Agreement, the Tax Sharing Agreement, and/or any other agreements that (i) were executed between KBR, Inc. and the Company at the time KBR, Inc. was created as a stand-alone company or (ii) remained in force with respect to the relationship of the two entities as of and after the creation of KBR, Inc.;

(3) by the Company to seek reimbursement for advanced attorneys' fees or expenses from any Releasee who has been determined, or may be determined, to be unindemnifiable with respect to any Released Securities Holder/Company Claims; *provided* that this Section III.E.1.d(3) shall not apply to any Releasee whom the Board (based upon the review conducted by the SARC) has found adequately fulfilled his or her duties of care and loyalty and otherwise acted in the best interests of the Company and its shareholders with respect to Released Securities Holder/Company Claims, including through the implementation, maintenance and oversight of an internal compliance, accounting and disclosure control environment;

(4) belonging to the Company against any of its insurers arising out of or relating to indemnification or advancement obligations, Delaware law, the Company's certificate of incorporation, its bylaws, insurance contracts or other agreements relating to indemnification, advancement or insurance; and

(5) except as may be inconsistent with the Corporate Governance and Internal Control Revisions, by any Individual Defendant with respect to such individual's rights under or to (i) pension plans, 401(k) plans, separation agreements, stock options or any benefit plan in which such Individual Defendant participates as a result of his or her current or former employment or association with the Company or (ii) indemnification, advancement or insurance coverage with respect to any claim made as to an Individual Defendant that arises by reason of the fact that he or she is or was a director, officer or employee of the Company.

e. Notwithstanding any other provision of this Section III.E or of the Agreement, nothing in the Preliminary Approval Order or the Order Approving Settlement and Judgment shall bar any Releasee or the Company from asserting any defense or any claim against any non-Releasee in any pending or future judicial, administrative, regulatory, arbitration or other proceeding other than the Action.

f. The releases and waivers in this Section III.E were separately bargained for and are essential elements of this Agreement.

## 2. **Order Approving Settlement and Judgment**

a. The Settling Parties shall obtain from the Court an Order Approving Settlement and Judgment as further described in Section VII.B below.



#### IV. ATTORNEYS' FEES AND EXPENSES

A. Petitioners' Counsel shall seek Court approval pursuant to Texas Business Corporations Act Article 5.14J(1)(a) for attorneys' fees and expenses in an amount not to exceed \$7,000,000 (seven million United States dollars). Halliburton has agreed that it will not oppose Petitioners' Counsel's request for such amount (or for any lesser amount that Petitioners' Counsel may request).

B. Consistent with the substantial benefits conferred upon Halliburton and its shareholders, Halliburton has agreed that, in exchange for Petitioner's and the Demand Shareholder's claim for reasonable attorneys' fees and expenses, it will, subject to the Court's approval, pay or cause to be paid the Attorneys' Fees and Expenses Award (not to exceed the amount described in Section IV.A); *provided further* that Halliburton shall seek reimbursement of the cost of the Attorneys' Fees and Expenses Award from relevant insurance carrier(s).

C. Halliburton shall satisfy the Attorneys' Fees and Expenses Award (not to exceed the amount described in Section IV.A) by the Award Payment Date subject to the following conditions:

1. Halliburton shall deliver the Attorneys' Fees and Expense Award to Robbins Geller Rudman & Dowd LLP and Grant & Eisenhofer, P.A., as receiving agents for Petitioners' Counsel, pursuant to instructions provided by those firms, which instructions shall be provided to Halliburton within one (1) Business Day following the Approval Date.

2. The Attorneys' Fees and Expenses Award shall be the sole aggregate compensation for Petitioners' Counsel, Demand Counsel, and any other counsel representing Petitioners and/or the Demanding Shareholder in connection with the Action and the Shareholder Demand.

3. Neither Halliburton nor the Individual Defendants shall have any responsibility whatsoever with respect to the allocation of the Attorneys' Fees and Expenses Award to Petitioners' Counsel, Demand Counsel, any other counsel representing Petitioners, the Demanding Shareholder, or any other Securities Holders or any other counsel asserting a right to receive a portion of the Attorneys' Fees and Expenses Award.

4. If, after payment of the Attorneys' Fees and Expenses Award pursuant to Section IV.C, (i) the Attorneys' Fees and Expenses Award is vacated or (ii) this Agreement is properly and timely terminated in accordance with its terms, Petitioners' Counsel and Demand Counsel shall, within ten (10) Business Days following such termination, return to Halliburton the Attorneys' Fees and Expenses Award pursuant to this Section IV.C.4;

5. If, after payment of the Attorneys' Fees and Expenses Award pursuant to Section IV.C, the Attorneys' Fees and Expenses Award is reduced, Petitioners' Counsel and Demand Counsel shall, within ten (10) Business Days following such reduction, return to Halliburton the amount by which the Attorneys' Fees and Expenses Award has been reduced.

6. As a condition of receiving the Attorneys' Fees and Expenses Award, Grant & Eisenhofer P.A., Robbins Geller Rudman & Dowd LLP and Robbins Umeda LLP agrees that each firm is subject to the jurisdiction of the Court for purposes of enforcing this Section IV.C.

D. Neither any Releasee nor the Company shall be liable for or obligated to pay any fees, expenses, costs or disbursements to, or incur any expense on behalf of, any person or entity (including, without limitation, any Petitioner, the Demanding Shareholder, Petitioners' Counsel and Demand Counsel) directly or indirectly, in connection with the Action, the Shareholder Demand or this Agreement except as expressly provided for in this Agreement. Neither Petitioners nor the Demanding Shareholder shall be liable for or obligated to pay any fees, expenses, costs or disbursements to, or incur any expenses on behalf of, any person or entity (including, without limitation, any Individual Defendant, the Company, Company Counsel, Committee Counsel and Individual Defendants' Counsel) directly or indirectly, in connection with the Action, the Shareholder Demand or this Agreement except as expressly provided for in this Agreement.

## **V. OBJECTIONS BY SECURITIES HOLDERS**

A. Any Securities Holder who wishes to object to the fairness, reasonableness or adequacy of this Agreement, to any term(s) of this Agreement or to the proposed Attorneys' Fees and Expenses Award may do so subject to the requirements set out in the Preliminary Approval Order.

**VI. PRELIMINARY APPROVAL HEARING AND PRELIMINARY APPROVAL ORDER**

A. Within five (5) Business Days following the Execution Date, the Settling Parties shall jointly apply to the Court for entry of a Preliminary Approval Order, substantially in the form as set out in Exhibit B.

B. The Court may, at its discretion, either hold a Preliminary Approval Hearing to allow the Settling Parties to describe the proposed Settlement, the notice to be provided pursuant to its terms and the scheduling of a Fairness Hearing or address the Settling Parties' application for entry of a Preliminary Approval Order based on the Settling Parties' joint application without a hearing.

**VII. FAIRNESS HEARING, ORDER APPROVING SETTLEMENT AND JUDGMENT AND DISMISSAL**

A. The Settling Parties shall request that the Court schedule a Fairness Hearing at which to consider whether (i) to approve this Agreement as fair, reasonable and adequate and in the best interest of the Company and its shareholders and (ii) to approve, pursuant to Texas Business Corporations Act Article 5.14.J(1)(a), Petitioners' Counsel's and Demand Counsel's request for an Attorneys' Fees and Expenses Award.

B. If the Court approves the Agreement, the Settling Parties shall jointly ask the Court to enter an Order Approving Settlement and Judgment substantially in the form attached as Exhibit D.

C. If any terms of the Complete Bar Order entered by the Court is held to be unenforceable after the date of entry, such provision shall be substituted with such other provision as may be necessary to afford each of the Releasees the fullest protection

permitted by law from any Claim that is based upon, arises out of, or relates to any Released Securities Holder/Company Claim.

#### **VIII. NO ADMISSIONS**

A. This Agreement, the offer of this Agreement, and implementation of and compliance with this Agreement shall not constitute or be construed as an admission by any or all of the Releasees of any wrongdoing or liability. This Agreement is to be construed solely as a reflection of the Settling Parties' desire to facilitate a resolution of the Claims in the Petition and in the Shareholder Demand, and of the Released Securities Holder/Company Claims.

B. The Settling Parties agree that no party was or is a "prevailing party." In no event shall this Agreement, any of its provisions, or any negotiations, statements or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as, or deemed to be evidence of any kind in the Action, any other action (including any action arising out of the Shareholder Demand or the *Warner* Matter), or any judicial, administrative, regulatory or other proceeding, except a proceeding to enforce this Agreement.

C. Without limiting any of the foregoing provisions in this Section VIII, neither this Agreement nor any related negotiations, statements or court proceedings shall be construed as, offered as, received as, used as, or deemed to be evidence of an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including, but not limited to, the Company, or as a waiver by the Company or the Individual Defendants of any applicable defense.

## **IX. MODIFICATION OR TERMINATION OF THIS AGREEMENT**

A. The terms and provisions of this Agreement may be amended, modified or expanded by written agreement of the Settling Parties; *provided however*, that after entry of the Order Approving Settlement and Judgment, the Settling Parties may by agreement effect such amendments, modifications or expansions of this Agreement and its implementing documents without notice to or approval by the Court if such amendments, modifications or expansions are not materially inconsistent with the Court's Order Approving Settlement and Judgment and do not limit the rights of Petitioners, the Demanding Shareholder, any other Securities Holder, the Company, Releasers or Releasees under this Agreement.

B. Subject to Sections IX.D, IX.E and IX.F, this Agreement shall terminate

1. if the Final Settlement Date does not occur;
2. at the sole option and discretion of the Company, the Individual Defendants, Petitioners or the Demanding Shareholder if (i) the Court, or any appellate court, rejects, modifies or denies approval of any portion of the Agreement or the proposed Settlement that the terminating Settling Party(ies) reasonably and in good faith determines is material, including, without limitation, the Complete Bar Order, the findings of the Court, the provisions relating to Notice and/or the terms of the Release or (ii) the Court, or any appellate court, does enter or completely affirm, or alters or expands, any portion of the Preliminary Approval Order or the Order Approving Settlement and Judgment, including the Complete Bar Order and/or the Release, of any

of the Court's findings of fact or conclusions of law that the terminating Settling Party(ies) reasonably and in good faith believes is material; or

3. at the sole option and discretion of Petitioners and/or the Demanding Shareholder if, during the Confirmatory Discovery Period, Petitioners and/or the Demanding Shareholder conclude based on information provided to them in confirmatory discovery, that they no longer believe that the terms of this Agreement to be fair, reasonable and adequate and in the best interests of the Company or its shareholders.

C. The relevant terminating Settling Party must exercise an option to terminate this Agreement by providing notice to all other Settling Parties no later than thirty (30) days after receiving actual notice of the event prompting the termination.

D. Notwithstanding anything set out in this Section IX, none of Petitioners, the Demanding Shareholder, any other Securities Holder, Petitioners' Counsel or Demand Counsel may terminate this Agreement because of the amount of the Attorneys' Fees and Expenses Award.

E. If an option to terminate this Agreement arises under this Section IX, (i) none of the Company, Petitioners, the Demanding Shareholder or Individual Defendants shall be required for any reason or for any circumstance to exercise that option and (ii) any determination to exercise an option to terminate shall be made in good faith.

F. If this Agreement is terminated pursuant to its terms, then:

1. this Agreement shall be null and void and shall have no force or effect, and no Settling Party or Releasee shall be bound by any of its terms except for the terms set out in Sections IV.C.4 and IX.F.2 through IX.F.10;

2. this Agreement, all of its provisions, and all negotiations, statements and proceedings relating to it shall be without prejudice to the rights of the Settling Parties or any other Securities Holder, all of whom shall be restored to their respective positions existing immediately before the Execution Date, except with respect to the payment of Notice and Administrative Expenses as described in Section III.C above;

3. Releasees (including without limitation the Company and the Individual Defendants) expressly deny any wrongdoing and expressly and affirmatively reserve all defenses, arguments, and motions that have been or might later be asserted in the Action or in connection with the Shareholder Demand;

4. Petitioners and the Demanding Shareholder expressly and affirmatively reserve all Claims, arguments and motions that have been or might have been asserted in the Action or the Shareholder Demand;

5. neither this Agreement, nor the fact of its having been made, shall be admissible or entered into evidence in any proceeding for any purpose whatsoever, except to enforce its terms;

6. neither Halliburton's agreement to the terms set out in this Agreement nor its execution of this Agreement shall constitute or be construed to be an admission by Halliburton that any wrongdoing has taken place, that any of the Individual



Defendants (or any other Releasee) has engaged in a breach of his or her fiduciary duties or engaged in any other actionable conduct in connection with the conduct alleged in the Petition or in the Shareholder Demand or that any of the Claims made in the Action or in the Shareholder Demand have any merit or are in the best interest of the Company or its shareholders to pursue;

7. neither the Individual Defendants' agreement to the terms set out in this Agreement nor their execution of this Agreement shall constitute or be construed to be an admission by the Individual Defendants collectively or individually that any of the Individual Defendants has engaged in a breach of his or her fiduciary duties or engaged in any other actionable conduct in connection with the conduct alleged in the Petition or in the Shareholder Demand or that any of the Claims made in the Action or in the Shareholder Demand have any merit;

8. the terms and provisions of any confidentiality agreement executed in connection with Section II.F shall continue in full force and effect;

9. the Company shall, consistent with Sections III.C above, pay all Notice and Administrative Expenses incurred but not paid as of the Termination Date; and

10. except as expressly set out in the Agreement in Sections III.C, IV.C.4 and IX.E.9, nothing in this Agreement shall create any obligation on the part of any Settling Party to pay any other Settling Party's fees and/or expenses.

## **X. GENERAL MATTERS AND RESERVATIONS**

A. The obligations of the Settling Parties to consummate the Agreement are conditioned upon the occurrence of each of the following:

1. entry by the Court of the Preliminary Approval Order in substantially the form attached as Exhibit B, with changes only as approved by the Settling Parties;
2. entry by the Court of the Order Approving Settlement and Judgment in substantially the form attached as Exhibit D, with changes only as approved by the Settling Parties; and
3. the Final Settlement Date.

B. The Settling Parties intend this Agreement to be a final and complete resolution of all Claims (including Unknown Claims) arising out of Released Securities Holder/Company Claims that have been or could have been asserted by any Securities Holder derivatively or by the Company directly against Releasees or any of them. The Settling Parties agree not to assert in any forum that the Action was brought or the Shareholder Demand was submitted (on the one hand) or that the Company or the Individual Defendants defended the Action or the Shareholder Demand (on the other hand) in bad faith or without a reasonable basis. The Settling Parties shall not assert any Claims relating to the prosecution, defense or settlement of the Action except as necessary to enforce this Agreement. The Settling Parties agree that the settlement relief provided in the Agreement and the terms of this Agreement were negotiated at arm's

length in good faith by the Settling Parties and reflect a Settlement that was reached voluntarily after consultation with experienced counsel.

C. Jay Eisenhofer, Michael Barry, Darren J. Robbins and Benny C. Goodman III represent that each is authorized to enter into the Agreement on behalf of Petitioners and any other attorneys who have represented or who now represent Petitioners in this Action and/or with respect to Released Securities Holder/Company Claims and that (i) they have kept Petitioners apprised of the progress of the settlement negotiations, (ii) they have advised Petitioners of the terms and provisions of this Agreement, (iii) each of the Petitioners has approved the terms of this Agreement and (iv) each of the Petitioners, subject to Section II.F.2 and IX.B above, agrees it will not withdraw as a representative of Securities Holder.

D. Brian J. Robbins and George C. Aguilar each represent that each is authorized to enter into the Agreement on behalf of the Demanding Shareholder and any other attorneys who have represented or who now represent the Demanding Shareholder and/or with respect to Released Securities Holder/Company Claims and that (i) they have kept the Demanding Shareholder apprised of the progress of the settlement negotiations, (ii) they have advised the Demanding Shareholder of the terms and provisions of this Agreement and (iii) the Demanding Shareholder has approved the terms of this Agreement.

E. Christine M. Ibrahim represents that she is authorized to enter into this Agreement on behalf of Halliburton and any other attorneys who have represented or who now represent Halliburton in this Action, with respect to the Shareholder Demand

and/or with respect to Released Securities Holder/Company Claims and that (i) she has ensured that Halliburton was kept apprised of the progress of the settlement negotiations, (ii) she has ensured that Halliburton was advised of the terms and provisions of this Agreement and (iii) Halliburton has approved the terms of this Agreement.

F. Donald Godwin and R. Alan York represent that each is authorized to enter into this Agreement on behalf of Individual Defendants Cornelison and Lane and any other attorneys who have represented or who now represent those Individual Defendants in this Action, with respect to the Shareholder Demand and/or with respect to Released Securities Holder/Company Claims and that (i) they have kept those Individual Defendants apprised of the progress of the settlement negotiations, (ii) they have advised those Individual Defendants of the terms and provisions of this Agreement and (iii) those Individual Defendants have approved the terms of this Agreement.

G. Robert Meadows and Michael Youtt represent that each is authorized to enter into this Agreement on behalf of Individual Defendants Bradford, Clitheroe, Crandall, Derr, Howell, DiBona, Hunt, A. Lewis, D. Lewis, Silas, and Stegemeier and any other attorneys who have represented or who now represent those Individual Defendants in this Action, with respect to the Shareholder Demand and/or with respect to Released Securities Holder/Company Claims and that (i) they have kept those Individual Defendants apprised of the progress of the settlement negotiations, (ii) they have advised those Individual Defendants of the terms and provisions of this Agreement and (iii) those Individual Defendants have approved the terms of this Agreement.

H. Odean Volker and Teshia Judkins represent that each is authorized to enter into this Agreement on behalf of Individual Defendants Bennett, Boyd, Gillis, Hackett, Lesar, Martin, Precourt and Reed and any other attorneys who have represented or who now represent those Individual Defendants in this Action, with respect to the Shareholder Demand and/or with respect to Released Securities Holder/Company Claims and that (i) they have kept those Individual Defendants apprised of the progress of the settlement negotiations, (ii) they have advised those Individual Defendants of the terms and provisions of this Agreement and (iii) those Individual Defendants have approved the terms of this Agreement.

I. J. Kent Friedman represents that he is authorized to enter into this Agreement on behalf of Individual Defendant Carroll and any other attorneys who have represented or who now represent Individual Defendant Carroll in this Action, with respect to the Shareholder Demand and/or with respect to Released Securities Holder/Company Claims and that (i) he has kept Individual Defendant Carroll apprised of the progress of the settlement negotiations, (ii) he has advised Individual Defendant Carroll of the terms and provisions of this Agreement and (iii) Individual Defendant Carroll has approved the terms of this Agreement.

J. David Gerger and Shaun Clarke represent that each is authorized to enter into this Agreement on behalf of Individual Defendant Gaut and any other attorneys who have represented or who now represent Individual Defendant Gaut in this Action, with respect to the Shareholder Demand and/or with respect to Released Securities Holder/Company Claims and that (i) they have kept Individual Defendant Gaut apprised

of the progress of the settlement negotiations, (ii) they have advised Individual Defendant Gaut of the terms and provisions of this Agreement and (iii) Individual Defendant Gaur has approved the terms of this Agreement.

K. This Agreement sets forth the entire agreement among the Settling Parties with respect to its subject matter and supersedes the agreement in principle that preceded this Agreement. This Agreement may not be altered or modified except by written instrument executed by Petitioners' Counsel (with the permission of Petitioners), Demand Counsel (with the permission of the Demanding Shareholder), Company Counsel (with the permission of Halliburton), and Individual Defendants' Counsel (with the permission of the Individual Defendants). The Settling Parties expressly acknowledge that no other agreements, arrangements or understandings not expressed in this Agreement exist among or between them. In entering into this Agreement, no Settling Party has relied upon any representation or warranty not set forth expressly in this Agreement.

L. This Agreement shall be governed by and interpreted according to the laws of the state of Texas, excluding its conflict of laws provision.

M. Except as set out in Section III.D above, the Court retains continuing and exclusive jurisdiction over this Agreement, the Settling Parties, all Securities Holders (including all Securities Holders who submit objections pursuant to Section V), all Releasers and all Releasees to adjudicate all issues relating to this Agreement, including without limitation, any issues relating to the Preliminary Approval Order, or the Order Approving Settlement and Judgment. Subject to Section III.D, any action arising under

or to enforce this Agreement, the Preliminary Approval Order or the Order Approving Settlement and Judgment shall be commenced and maintained only in the Court.

N. Whenever this Agreement requires or contemplates that a Settling Party shall or may give notice to another Settling Party or to counsel, notice shall be provided by e-mail, facsimile, and/or overnight (excluding Saturday and Sunday) delivery service as follows and shall be deemed effective upon receipt of such e-mail, facsimile transmission, or delivery to the e-mail, facsimile number or address, as the case may be, below:

1. If to Halliburton, then to:

Yvette Ostolaza  
yvette.ostolaza@weil.com  
Yolanda Garcia  
yolanda.garcia@weil.com  
Weil, Gotshal & Manges LLP  
200 Crescent Court, Suite 300  
Dallas, Texas 75201  
Telephone: (214) 746-7700  
Facsimile: (214) 746-7777

2. If to Petitioners, then to:

Jay Eisenhofer  
jeisenhofer@gelaw.com  
Michael Barry  
mbarry@gelaw.com  
Grant & Eisenhofer, P.A.  
123 Justison Street  
Wilmington, Delaware 19801  
Telephone: (302) 622-7000  
Facsimile: (302) 622-7100

and

Darren J. Robbins  
DarrenR@rgrdlaw.com  
Benny C. Goodman III  
BennyG@rgrdlaw.com  
Robbins Geller Rudman & Dowd LLP  
655 West Broadway, Suite 1900  
San Diego, California 92101  
Telephone: (619) 231-1058  
Facsimile: (619) 231-7423

3. If to the Demanding Shareholder, then to:

Brian J. Robbins  
BRobbins@robbinsumeda.com  
George C. Aguilar  
GAguilar@robbinsumeda.com  
Robbins Umeda LLP  
600 B Street, Suite 1900  
San Diego, California 92101  
Telephone: (619) 525-3990  
Facsimile: (619) 525-3991

4. If to the Individual Defendants, then to:

Counsel for Individual Defendants Cornelison and Lane:

Donald E. Godwin  
dgodwin@godwinronquillo.com  
R. Alan York  
ayork@godwinronquillo.com  
Godwin Ronquillo PC  
Renaissance Tower  
1201 Elm., Suite 1700  
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Counsel for Individual Defendants Bradford, Clitheroe, Crandall,  
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Stegemeier

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Telephone: (713) 224-4400  
Facsimile: (713) 224-5153

O. All time periods set forth in this Agreement shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by a court, the day, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday or a Legal Holiday, or, when the act to be done is the filing of a paper in the Court, a day on which weather or other conditions have caused the office of the Clerk of the Court to be inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days.

P. The Settling Parties reserve the right, subject to the Court's approval, mutually to agree to any reasonable extensions of time that might be necessary to carry out any of the provisions of this Agreement.

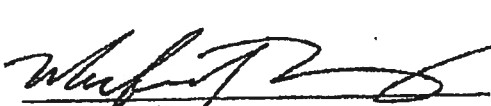
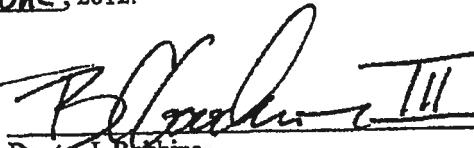
Q. The Settling Parties, their successors and assigns, and their counsel undertake to implement this Agreement, to cooperate fully in seeking Court approval, and to use all reasonable efforts to effect the prompt consummation of this Agreement and the proposed Settlement.

R. The Settling Parties shall request that the Court stay all proceedings in the Action, except for those proceedings related to the Settlement, until the resolution of all Settlement-related proceedings.


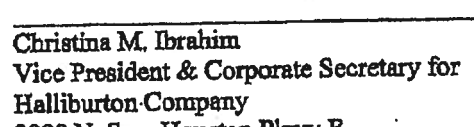
S. This Agreement may be signed in counterparts, each of which shall constitute a duplicate original. Execution by facsimile or by electronically transmitted signature shall be fully and legally binding on a Settling Party.

T. All Releasees who are not Settling Parties are intended third-party beneficiaries who are entitled to enforce the terms of the Release.

Agreed to as of this 4<sup>th</sup> day of June, 2012.

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| <br>Jay Eisenhofer<br>Michael Barry<br>Grant & Eisenhofer, P.A.<br>123 Justison Street<br>Wilmington, Delaware 19801 | <br>Darren J. Robbins<br>Benny C. Goodman III<br>Robbins Geller Rudman & Dowd LLP<br>655 West Broadway, Suite 1900<br>San Diego, California 92101 |
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COUNSEL FOR THE  
DEMANDING SHAREHOLDER

COUNSEL FOR HALLIBURTON

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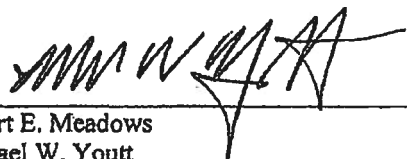
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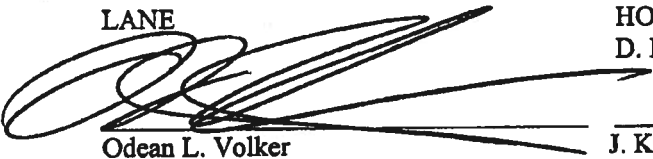
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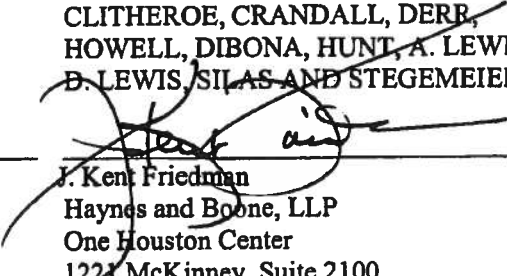
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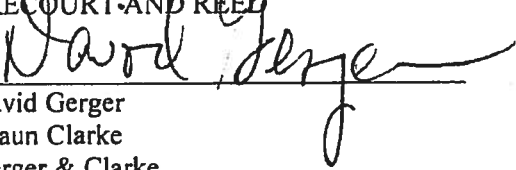
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**CORPORATE GOVERNANCE AND INTERNAL CONTROL REVISIONS**

Within ninety (90) days following the Final Settlement Date, the Board of Directors of Halliburton will implement the following Corporate Governance and Internal Control Revisions, which substantially include both enhanced and new requirements and, in some instances, a requirement to formalize and make mandatory certain existing informal practices. Subject to the Statement of Intent below, these revisions will remain in effect for no less than five (5) years following the Final Settlement Date. Definitions for capitalized terms used in these provisions are found at the end of this document.

**COMPENSATION-RELATED PETITIONER**

**1. CLAWBACK PROVISION FOR OFFICERS AND DIRECTORS**

Halliburton will adopt a revised clawback provision applying to future acts and covering incentive compensation (including both cash bonuses and equity) of Officers and Directors. Clawback under this provision will be effected as follows:

- A. The clawback will be triggered for an Officer if it is determined pursuant to the procedure set out below that, in connection with the performance of his or her duties as an Officer of Halliburton, he or she either Substantially Participated in a Significant Violation of federal or state law or both (i) had direct supervisory responsibility over an employee who Substantially Participated in such a violation and (ii) Recklessly disregarded his or her own supervisory responsibilities.
- B. The clawback will be triggered for a Director if it is determined pursuant to the procedure set out below that, in connection with the performance of

his or her duties as a Director of Halliburton, he or she either Substantially Participated in a Significant Violation of federal or state law or Recklessly disregarded his or her duty to exercise reasonable oversight.

- C. The clawback will not apply in situations where, before a governmental investigation of a violation, an officer or director who did not Substantially Participate in the misconduct discovered the violation, disclosed it through the appropriate internal channels, and took steps to have the matter investigated and remedied.
- D. In the event that an Officer or Director of Halliburton is named as a defendant in a law enforcement proceeding for having Substantially Participated in a Significant Violation of law and he or she disagrees with the allegation, the clawback is triggered if (i) the Company initiates an investigation and determines that the Officer's or Director's action as alleged in the law enforcement proceeding is not indemnifiable by the Company or (ii) the Officer or Director does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions or otherwise admits to the violation in a legal proceeding. If a clawback is triggered under this Section 1.D, the procedures in Sections 1.G and 1.H or 1.I below, as the case may be, for determining the clawback period and the type and amount of compensation to be clawed back shall apply.

Subject to Section 1.D above respecting violations asserted in a law enforcement proceeding, the procedure pursuant to which this clawback provision will be implemented as to Executive Officers and Directors is as follows:

- E. Whether such an Executive Officer's or Director's conduct is subject to this clawback provision will be addressed in the first instance by the disinterested members of the Nominating and Corporate Governance Committee, which will make a recommendation regarding this issue to the Board of Directors.
- F. Subject to their consideration of the recommendation of the Nominating and Corporate Governance Committee, the disinterested members of the Board will determine whether an Executive Officer's or Director's conduct is subject to this clawback provision.
- G. If the disinterested members of the Board determine that the Executive Officer's or Director's conduct is subject to this clawback provision, they

will direct the disinterested members of the Compensation Committee to consider and recommend the clawback period and the type and amount of compensation to be clawed back from the Executive Officer or Director.

- H. Upon receipt and consideration of the recommendation of the disinterested members of the Compensation Committee, the disinterested members of the Board will determine the clawback period and the type and amount of compensation to be clawed back from the Executive Officer or Director.

Subject to Section 1.D above respecting violations asserted in a law enforcement proceeding, the procedure pursuant to which this clawback provision will be implemented as to Non-Executive Officers is as follows:

- I. The Management HR Committee will determine whether a Non-Executive Officer's conduct is subject to this clawback provision and, if so, the clawback period and amount of compensation to be clawed back from the Non-Executive Officer.
- J. The Chief Human Resources Officer will, on a quarterly basis, provide to the Nominating and Corporate Governance Committee and the Compensation Committee a report regarding the instances, if any, in which this clawback provision has been triggered as to Non-Executive Officers.

## **2. PROHIBITION OF DISCRETIONARY PAYMENTS TO OFFICERS AND DIRECTORS IN CERTAIN SITUATIONS**

Halliburton will adopt a provision prohibiting discretionary payments to Officers and Directors under the following conditions:

- A. The Officer's employment is terminated or the Officer resigns because, in connection with the performance of his or her duties as an officer of Halliburton, he or she either Substantially Participated in a Significant Violation of federal or state law or both (i) had direct supervisory responsibility over an employee who Substantially Participated in such a violation and (ii) Recklessly disregarded his or her own supervisory responsibilities, as determined pursuant to the procedure set out below.
- B. The Director's membership on the Board is terminated or the director resigns or does not stand for re-election because, in connection with the

performance of his or her duties as a director of Halliburton, he or she either Substantially Participated in a Significant Violation of federal or state law or Recklessly disregarded his or her duty to exercise reasonable oversight, as determined by the procedure set out below.

The procedure pursuant to which this prohibition of discretionary payments provision will be implemented as to Executive Officers and Directors is as follows:

- C. Whether an Executive Officer's or Director's conduct is subject to this prohibition of discretionary payments provision will be addressed in the first instance by the disinterested members of the Nominating and Corporate Governance Committee, which will make a recommendation regarding this issue to the Board of Directors.
- D. Subject to their consideration of the recommendation of the Nominating and Corporate Governance Committee, the disinterested members of the Board will determine whether an Executive Officer's or Director's conduct is subject to this prohibition of discretionary payments provision.
- E. If the disinterested members of the Board determine that the Executive Officer's or Director's conduct is subject to this prohibition of discretionary payments provision, they will direct the disinterested members of the Compensation Committee to consider and recommend the amount of discretionary payment(s) to be withheld from the Executive Officer or Director.
- F. Upon receipt and consideration of the recommendation of the disinterested members of the Compensation Committee, the disinterested members of the Board will determine the amount of discretionary payment(s) to be withheld from the Executive Officer or Director.

The procedure pursuant to which this prohibition of discretionary payments provision will be implemented as to Non-Executive Officers is as follows:

- G. The Management HR Committee will determine whether a Non-Executive Officer's conduct is subject to this prohibition of discretionary payments provision and, if so, will consider and recommend to the Board the amount of discretionary payment(s) to be withheld from the Non-Executive Officer.

- H. Upon receipt and consideration of a recommendation from the Management HR Committee, the disinterested members of the Board will determine the amount of discretionary payment(s) to be withheld from the Non-Executive Officer.
- I. The Chief Human Resources Officer will, on a quarterly basis, provide to the Nominating and Corporate Governance Committee and the Compensation Committee a report regarding the instances, if any, in which this prohibition of discretionary payment(s) provision has been triggered as to Non-Executive Officers.

### **3. EQUITY AWARD POLICIES**

For all grants of equity-based awards under each Halliburton incentive plan, Halliburton will adopt a policy that is consistent with the following provisions from the Halliburton Company Stock and Incentive Plan:

- A. Except for adjustments pursuant to Section 3.C, the purchase price of Common Stock for any outstanding Option granted under the Plan may not be decreased after the date of grant nor may an outstanding Option granted under the Plan be surrendered to the company as consideration for the grant of a new Option with a lower purchase price, cash or a new Award unless there is approval by the Company stockholders. Any other action that is deemed to be a repricing under any applicable rule of the New York Stock Exchange shall be prohibited unless there is approval by the Company stockholders.
- B. Except for adjustments pursuant to Section 3.C, the exercise price of a Stock Appreciation Right may not be decreased after the date of grant nor may an outstanding Stock Appreciation Right granted under the Plan be surrendered to the Company as consideration for the grant of a new Stock Appreciation Right with a lower exercise price, cash or a new Award unless there is approval by the Company stockholders. Any other action that is deemed to be a repricing under any applicable rule of the New York Stock Exchange shall be prohibited unless there is approval by the Company stockholders.
- C. Adjustments or exchanges will be permitted *(i)* in the event of any recapitalization, reorganization, merger, consolidation, combination, exchange, stock dividend, stock split, extraordinary dividend or divestiture (including a spin-off) or any other change in the corporate structure or

shares of Halliburton common stock occurring after the date of the grant of an award, and (ii) if the Compensation Committee, in its sole discretion, determines to, among other things, make adjustments as to the number and price of shares of stock or other consideration subject to such awards as the Compensation Committee deems appropriate in order to prevent dilution or enlargement of rights of the holders.

#### **4. DISCLOSURE OF OPTION GRANTS**

Halliburton will adopt a policy requiring it to disclose in a Current Report on Form 8-K a brief description of any material award of options, stock or warrants to any of its Named Executive Officers, its Chief Accounting Officer or any of its Directors. The policy will require that the Current Report on Form 8-K be filed with the Securities and Exchange Commission, and posted on Halliburton's website, within four business days following the award.

#### **5. LAPSE OF UNVESTED EQUITY AWARDS**

Any severance or change-of-control agreement or retirement agreement with a new Officer or a Director executed following the Final Settlement Date will provide that unvested equity awards lapse upon the Officer's termination pursuant to Section 24 below or the Director's resignation pursuant to Section 10 below.

#### **6. OFFICER COMPENSATION**

The Compensation Committee will instruct its independent compensation consultant to review the merits of requiring performance-vesting features for any equity awards granted pursuant to Halliburton's long-term incentive plan and will consider in good faith the recommendations made by the compensation consultant. Halliburton will

additionally adopt a policy prohibiting the adjustment of performance measures and financial targets adopted in the Performance Pay Plan mid-plan except as follows:

- A. To reflect a merger, acquisition, spin-off, stock split or similar corporate transaction or other change in capitalization involving Halliburton.
- B. If the Board (in consultation with the Compensation Committee) determines, in its sole discretion, that such adjustment would be in the best interests of Halliburton. In exercising its discretion to determine whether an adjustment is in the best interests of Halliburton, the Compensation Committee shall consider, among other things, whether such adjustment is necessary or appropriate to (i) retain critical executive talent, (ii) attract critical new executive talent, (iii) prevent significant financial hardship for plan participants, or (iv) reflect the occurrence of a material adverse change in general domestic or international economic, political or financial conditions.

#### **7. OFFICER EMPLOYMENT AGREEMENTS**

Halliburton will adopt a policy that any future employment agreements entered into with an Officer will not contain terms that are inconsistent with the policies set forth in these provisions regarding Clawback (Section 1), Prohibition of Discretionary Payments (Section 2), Limitation on Advancement of Legal Expenses (Section 9), and Termination (Section 24).

#### **8. DIRECTOR STOCK OWNERSHIP REQUIREMENTS**

Halliburton will enhance its existing stock-ownership guidelines applicable to Directors to require the following:

- A. Within five years after joining the Board, each Director shall own shares of Halliburton common stock or common stock equivalents, including restricted stock, at least equal in acquisition basis or fair market value to the greater of \$500,000 or the aggregate value of the cash portion of such Director's annual base retainer for such five-year period. Such shares may consist of shares owned by the Director at the time he or she is elected to the Board, or of shares purchased or awarded by Halliburton under any



equity stock plan generally applicable to the Board of Directors after the individual is elected to the Board. Until such time as a Director has satisfied the stock-ownership requirement, such Director shall not sell or otherwise dispose of any common stock or common stock equivalents awarded by Halliburton to such Director. Shares of Halliburton common stock held jointly by a Director and his or her spouse shall count toward meeting this stock-ownership requirement. For purposes of this provision, the value of Halliburton common stock shall be determined based on the trailing one-year average closing stock price.

- B. A Director will hold the minimum value of shares set out in this provision throughout his or her tenure on the Board. In the event of a stock split, reverse stock split, stock dividend or other similar change in Halliburton's outstanding capital stock, the Nominating and Corporate Governance Committee will evaluate whether to adjust the value of shares required to be owned by each Director. The Compensation Committee will evaluate whether exceptions should be made in the case of any Director who, due to his or her financial circumstances, would incur a hardship by complying with this requirement.

#### **9. LIMITATION ON ADVANCEMENT OF LEGAL EXPENSES**

Halliburton will amend its By-laws to provide that, subsequent to an indictment of, or the filing of a civil complaint by a state or federal governmental enforcement agency against, an officer or Director, Halliburton may, subject to applicable law, terminate, reduce or place conditions upon any further advancement of Legal Expenses to that officer or Director if (i) such officer or Director does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions, or otherwise admits to the violation in a legal proceeding or (ii) the Company initiates an investigation and determines that the Officer's or Director's action is not indemnifiable by the Company, except to the extent that 8 Del. Code § 145(c) requires the Company to provide indemnification for expenses. The By-law amendment also will

provide that any subsequent agreement with a Director or officer that addresses advancement will include a similar limitation on advancement of Legal Expenses.

## **BOARD AND COMMITTEE OPERATIONS-RELATED PETITIONER**

### **10. DIRECTOR RESIGNATION**

Halliburton will adopt a By-law pursuant to which (i) each incumbent Director nominee, as a condition to being re-nominated for continued service on the Board, must sign and deliver to the Board and (ii) each non-incumbent Director nominee, as a condition to being nominated, must agree upon his or her election as a director to sign and deliver to the Board a letter of resignation, in a form satisfactory to the Board, with such letter being deemed tendered as of the date of the Board's determination referred to below.

The letter of resignation will be limited and conditioned upon (i) a finding by the disinterested members of the Board, in accordance with the procedure set out below, that, in connection with the performance of his or her duties as a director of Halliburton, the Director either Substantially Participated in a Significant Violation of federal or state law, or Recklessly disregarded his or her duty to exercise reasonable oversight and (ii) the acceptance of the resignation by the disinterested members of the Board. The By-law will provide that the procedure pursuant to which this termination provision will be implemented is as follows:

- A. Whether a Director's conduct is subject to this provision will be reviewed in the first instance by the disinterested members of the Nominating and Corporate Governance Committee, which will make a recommendation to the Board of Directors regarding (i) whether the Director's action or

failure to act falls within the conduct described above and (ii) whether to accept or reject the resignation, or whether other action should be taken.

- B. Subject to their consideration of the recommendation of the disinterested members of the Nominating and Corporate Governance Committee, as well as any other factors that they consider to be relevant, the disinterested members of the Board will determine (i) whether the Director's action or failure to act falls within conduct described above; and (ii) whether to accept or reject the resignation, or whether other action should be taken. The resignation, if accepted, will be effective at the time the disinterested members of the Board accept it.

#### **11. DIRECTOR SERVICE ON OTHER PUBLIC COMPANY BOARDS**

Halliburton will adopt a policy prohibiting (i) the Chief Executive Officer from serving on the boards of directors of more than two publicly-traded companies (other than Halliburton) and (ii) its Directors from serving on more than three boards in addition to service on Halliburton's board, *provided however*, that any such Director may serve on additional boards if the Director served on such boards at the time of the Director's election to the Halliburton board, and such Director undertakes not to stand for re-election or appointment to the additional boards. In evaluating new Directors and the continued service of current Directors, the Nominating and Corporate Governance Committee will take into consideration the individual's membership on the boards of directors of other publicly-traded companies in order to ensure that an individual's service on such other boards does not impair the individual's ability to devote sufficient time and commitment to serve effectively as a Halliburton Director.

**12. INCREASE MINIMUM NUMBER OF REQUIRED MEETINGS OF NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

The charter of the Nominating and Corporate Governance Committee will be amended to increase the minimum number of required meetings per year from three to four.

**13. ANNUAL CONSIDERATION OF CHIEF EXECUTIVE OFFICER AND CHAIR OF BOARD POSITIONS**

The Board will annually consider whether it is appropriate that the Chief Executive Officer and Chair of the Board be the same individual and, if it determines that it is no longer appropriate, will take the necessary steps to have different individuals appointed to each of these positions.

**14. ANNUAL COMMITTEE REPORTS**

On an annual basis, the Chair of each Board Committee will report to the Board whether the Committee he or she chairs has performed all items required to be performed by the Committee's charter and, to the extent that the Committee has not been able to perform any such item, the Chair will inform the Board why the Committee did not do so.

**15. DIRECTOR INDEPENDENCE**

At least three-fourths of the members of the Board shall be "independent" Directors, as defined below. The Company recognizes that having senior executives from the oil and gas industry on its Board can be a very valuable resource. Accordingly, notwithstanding anything else herein to the contrary, any such Director shall be considered independent, notwithstanding the Director's past or ongoing executive position with an oil or gas company, provided that such Director meets both (i) the requirements set out in A, B, C, D, E and G below and (ii) the relevant then-current applicable regulatory standards for

independence. To be deemed independent in any calendar year, a Director must satisfy the following standards:

- A. The Director is not, and has not been within the last five calendar years, an employee of the Company/Affiliate and an Immediate Family Member of the Director is not, and has not been within the last five years, an Exchange Act Executive Officer of the Company/Affiliate.
- B. The Director has not received, during the current calendar year or in any of the three immediately preceding calendar years, personal remuneration in excess of \$120,000 (other than remuneration provided to the Director in his or her capacity as a member of Halliburton's Board or any Committee thereof) as payment for services the Director provides to Halliburton, which services are provided in addition to the services the Director provides in his or her capacity as a Director.
- C. The Director is not a partner, member or officer of, or employed in a similar position with, any entity that provides accounting, consulting, legal, investment banking or financial advisory services to the Company for which such entity receives payments from Halliburton in excess of \$120,000 per year; provided that this provision does not apply to a Director who is a limited partner or non-managing member of, or is employed in a similar position with, such entity and has no active role in providing such services to Halliburton.
- D. Neither the Director nor any Immediate Family Member is currently a party to one or more personal services contract(s) with the Company or any Exchange Act Executive Officer that provides in the aggregate for payments to the Director or Immediate Family Member in excess of \$120,000 per year.
- E. Neither the Director nor any Immediate Family Member serves as an executive officer of any tax-exempt entity that has received the greater of 1% of such tax-exempt entity's consolidated gross revenues or \$120,000 from Halliburton in any of the three immediately preceding fiscal years.
- F. During the current calendar year or any of the three immediately preceding calendar years, the Director has not had any business relationship with the Company for which the Company has been required to make disclosure under Item 404(a) of Regulation S-K of the Securities and Exchange Commission.

- G. Neither the Director nor any Immediate Family Member is employed as an Exchange Act Executive Officer of another public company on whose board of directors any of Halliburton's current Exchange Act Executive Officers serve.

#### **16. LEAD DIRECTOR CHARTER**

The Board will adopt a lead director charter to specify the responsibilities of the Lead Director, which charter will apply until such time as the positions of Chief Executive Officer and Chair of the Board are held by separate persons. The Lead Director's responsibilities will include the following:

- A. To promptly communicate to the Chairman and Chief Executive Officer messages and directives approved in executive sessions of the non-management and independent directors;
- B. To preside at all meetings of the Board at which the Chairman of the Board, or Vice Chairman of the Board should one be appointed, is not available; and
- C. To perform such other duties and responsibilities as may be assigned from time to time by the independent directors.

#### **17. BOARD COMMITTEE RETENTION OF OUTSIDE ADVISORS**

To the extent not already provided by statute or committee charter, the charters for each of the Board's committees will be modified to provide that each Board committee will have standing authorization to retain, as the committee deems appropriate, outside (including legal) advisors on behalf of the Company reporting exclusively to the committee.

#### **18. DIRECTOR CONTINUING EDUCATION**

In addition to the director orientation and continuing education requirements set forth in Halliburton's corporate governance guidelines, Halliburton will require that each of its

Directors annually attend at least six hours (or such greater number of hours as best practices suggest are appropriate) of external or internal director continuing education programs, conferences or similar presentations approved (whether before or after the Director's participation) by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee and management shall identify and communicate external and internal training and educational opportunities for directors' continuing education in areas of importance to Halliburton, including with respect to duties and responsibilities of directors of publicly-traded companies. The Company will provide sufficient internal continuing education programs for the Directors to meet this requirement. Attendance at any approved external program shall count for the requirement, but any associated expenses will be for the account of the individual Director except with prior approval by the Audit Committee.

#### **19. DIRECTOR PERFORMANCE REVIEW**

Halliburton will conduct annual performance reviews of individual Directors by having the Nominating and Corporate Governance Committee (including its Chair) lead an annual performance evaluation of each Director. While the Nominating and Corporate Governance Committee will be responsible for determining how to evaluate director performance, each evaluation will include a review of the Director's:

- Attendance and participation;
- Changes in independence;
- Changes in qualifications, including expertise;
- Changes in status relating to principal occupation; and

- Other contributions to the Board and its committees.

The Nominating and Corporate Governance Committee will review each evaluation and, if appropriate, discuss the evaluation with the individual Director.

## **20. ANNUAL REVIEW OF BOARD**

On an annual basis, the Nominating and Corporate Governance Committee will conduct a review of the overall composition profile of the Board to determine whether the then-current Directors collectively represent an appropriate mix of experience and expertise.

In addition, the Directors will conduct an annual self-assessment of the Board, including assessments of the following:

- General makeup and composition of the Board;
- Sufficiency of materials and information provided to the Board;
- Board meeting mechanics and structure;
- Board responsibilities and accountability; and
- Board meeting content and conduct.

The findings of the reviews and self assessments, in addition to the reviews conducted in accordance with Section 19 above, will be taken into consideration by the Nominating and Corporate Governance Committee and by the Board in connection with its decision as to who should be nominated either as an incumbent or non-incumbent Director.

## **21. ENHANCEMENT OF AUDIT COMMITTEE RISK OVERSIGHT**

The Audit Committee's role in assisting Board oversight of Halliburton's risk management activities will be enhanced by including in the Committee's charter the following requirements:



- A. That the Audit Committee or its Chair hold regular meetings with the CEO and/or other relevant officers (e.g., the CFO, General Counsel, Chief Compliance Officer and Head of Audit Services) regarding risk management issues.
- B. That the Audit Committee or its Chair work with the CEO and/or other relevant officers and/or the Enterprise Risk Management Committee as necessary to insure that the Audit Committee is kept aware of significant risks, including current operational risks and risks related to planned operational changes.
- C. That the Audit Committee report regularly to the full Board on issues relevant to risk management matters and activities as well as how they are being addressed by Halliburton.
- D. That the Company will timely disclose in filings with the Securities and Exchange Commission information (including the potential for penalties and fines) regarding any material business or material transactions Halliburton has undertaken with foreign countries that have been found to violate regulations of the Office of Foreign Assets Control, related Executive Orders, and/or regulations promulgated pursuant to the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.), Trading with the Enemy Act (50 U.S.C. App. § 1, et seq), and terrorist financing laws.

## **22. MANAGEMENT COMPLIANCE COMMITTEE**

The Board will require management to establish a management compliance committee (the “MCC”), which will be chaired by Halliburton’s Chief Compliance Officer and whose members will be selected, from time to time, by the Chair of the MCC in consultation with the Audit Committee. The MCC will be appropriately funded, as determined by the Audit Committee from time to time. The Chair of the MCC will consult with Halliburton’s General Counsel’s Office as appropriate. The MCC’s responsibilities (which will be recorded in the charter that establishes the Committee) will be as follows:

- A. The MCC will take appropriate steps to evaluate compliance within specific areas of the Company's business including compliance with (i) the Foreign Corrupt Practices Act, (ii) applicable laws regarding contracting with governmental entities, and (iii) federal rules and regulations regarding conducting business with regulated and/or prohibited foreign countries as described in Section 21.D (Enhancement of Audit Committee Risk Oversight).
- B. Whenever it appears that a Significant Violation of any federal or state law has occurred or is about to occur, the Chair of the MCC will determine whether an investigation of the facts and circumstances is necessary. If the Chair of the MCC determines that an investigation is warranted, he or she will notify the Audit Committee, the CEO, the General Counsel and the CFO of his or her determination, initiate an investigation, and retain such additional expert personnel as the Chair of the MCC deems necessary to conduct the investigation.
- C. In consultation with the Audit Committee, the MCC, under the direction of its Chair, will review and, if appropriate, improve or suggest improvement to Halliburton's existing procedures for the receipt, retention and consideration of reports or evidence of Significant Violation of applicable federal or state law, including:
  - 1. If an attorney appearing and practicing before the Securities and Exchange Commission in the representation of Halliburton becomes aware of evidence of a Significant Violation, the attorney may report such evidence to the Chair of the MCC.
  - 2. The Chair of the MCC will inform the Audit Committee, the CEO, the General Counsel and the CFO of a report of evidence of a Significant Violation (except, in the case of the CEO, General Counsel and the CFO only, where the Chair of the MCC believes that such a report would be inappropriate in light of the evidence of Significant Violation).
- D. At the conclusion of any investigation conducted by the MCC, the Chair (in consultation with the other members of the MCC) will:
  - 1. Determine whether a Significant Violation has occurred, is ongoing or is about to occur;
  - 2. Recommend (as necessary) that Halliburton implement appropriate responses to any Significant Violation; and

3. Inform the Audit Committee, the CEO, the General Counsel and the CFO of the results of such investigation and the remedial measures the Chair (in consultation with the other members of the MCC) recommends be taken.

### **23. SHAREHOLDERS' DIRECTOR RECOMMENDATIONS**

The Company will amend Section 6 of its Bylaws to provide, at a minimum, that, in those cases in which an eligible stockholder who is nominating a person(s) for a director(s) pursuant to the terms of Section 6 holds at least one percent (1%) of the outstanding Halliburton stock, and has held those shares for no less than twelve (12) months, the Corporate Secretary shall contact each director nominee(s). The Company will amend either its governance guidelines and/or the charter for the Nominating and Corporate Governance Committee to provide that for individuals nominated by such shareholders, the Corporate Secretary will (i) obtain from such director nominee(s) any additional relevant information the director nominee(s) wishes to provide in consideration of his or her nomination, (ii) report on each such director nominee(s) to the Nominating and Corporate Governance Committee and (iii) facilitate having each such director nominee(s) meet with the Nominating and Corporate Governance Committee as the Committee deems appropriate.

## COMPLIANCE-RELATED REVISIONS

### 24. TERMINATION OF OFFICERS WHO PARTICIPATE IN VIOLATIONS OR DISREGARD SUPERVISORY RESPONSIBILITIES

An Officer will be terminated if it is determined pursuant to the applicable procedure set out below that, in connection with the performance of his or her duties as an officer of Halliburton:

- A. He or she either Substantially Participated in a Significant Violation of federal or state law or both (i) had direct supervisory responsibility over an employee who Substantially Participated in such a violation and (ii) Recklessly disregarded his or her own supervisory responsibilities; and
- B. The Officer's conduct warrants termination.

The procedure pursuant to which this termination provision will be implemented as to Executive Officers is as follows:

- C. Whether an Executive Officer's conduct is subject to this termination provision will be addressed in the first instance by the disinterested members of the Nominating and Corporate Governance Committee, which will make a recommendation regarding this issue to the Board of Directors.
- D. Subject to their consideration of the recommendation of the Nominating and Corporate Governance Committee, the disinterested members of the Board will determine whether an Executive Officer's conduct is subject to this termination provision and, if so, whether he or she should be terminated.

The procedure pursuant to which this termination provision will be implemented as to Non-Executive Officers is as follows:

- E. The Management HR Committee will determine whether a Non-Executive Officer's conduct is subject to this termination provision and, if so, whether he or she should be terminated.

- F. The Chief Human Resources Officer will, on a quarterly basis, provide to the Nominating and Governance Committee and the Compensation Committee a report regarding the instances, if any, in which this termination provision has been triggered as to Non-Executive Officers.

**25. ENHANCED COMPLIANCE TRAINING**

For employees working in high-risk countries (identified as such in the Corruption Perceptions Index as published by Transparency International) who have job descriptions associated with business development or procurement activities, Halliburton will

- (i) conduct annual, mandatory, in-person FCPA, COBC and HRC compliance training or
- (ii) require such employees to participate in on-line training on an annual basis.

**26. REVISION OF CODE OF BUSINESS CONDUCT: COMMON LANGUAGE**

Halliburton will re-draft its COBC (and any translations it makes available to non-English-speaking employees) so that it is written in such a manner as is commonly understood by a layperson.

**27. REVISION OF CODE OF BUSINESS CONDUCT: COMPLIANCE AND ANTI-KICKBACK POLICIES**

Halliburton's COBC will be amended to clearly state that:

- A. Foreign bribery and subcontracting kickbacks are prohibited, and employees will be held accountable for violations, provided however, that this prohibition will not apply to facilitating payments that are permitted by the FCPA, and
- B. If Halliburton receives a recommendation or suggestion from a local government official for an agent, vendor, subcontractor or joint venture partner, Halliburton will not retain any such individual or entity unless appropriate due diligence is conducted of the individual or entity and such due diligence does not raise any concerns regarding retention of the

individual or entity; *provided however*, that Halliburton shall not seek such recommendations from any local government officials.

**28. REVISIONS OF CODE OF BUSINESS CONDUCT: FEDERAL SENTENCING GUIDELINES**

To assure that its compliance program be deemed “effective” under the revised Federal Sentencing Guidelines, Halliburton’s COBC will be amended to include provisions:

- A. Defining what constitutes an effective compliance program, which definition will include, among other things, that the program be designed to (i) detect an offense before discovery outside of the organization or before the discovery was reasonably likely and (ii) provide reasonable assurances that no individual with operational responsibility for the Company’s compliance program will participate in, condone or be willfully ignorant of criminal conduct in the enterprise.
- B. That Halliburton will take reasonable steps to remedy the harm resulting from criminal conduct, which steps may include, where appropriate, paying restitution, self-reporting the conduct to governmental authorities and cooperating with those authorities in any ensuing investigation.
- C. That Halliburton, upon a determination that criminal conduct has occurred, will assess its compliance program and make appropriate modifications to prevent such conduct from recurring, including consultation with outside professional advisors as to what modifications should be made and how to comply with such modifications.
- D. That the Chief Compliance Office have direct reporting obligations to the Halliburton Board and, at its direction, its Audit, Compensation, and Nominating and Corporate Governance Committees (collectively, the “Governing Authority”), which obligations will include express authority to communicate personally with the Governing Authority (i) promptly on any matter involving criminal conduct or potential criminal conduct and (ii) no less than annually on the implementation and effectiveness of Halliburton’s compliance program.

**29. REVISION OF CODE OF BUSINESS CONDUCT: DODD-FRANK**

Consistent with the rules adopted by the Securities and Exchange Commission under Section 21F of the Exchange Act, Halliburton will adopt a policy encouraging employees

to utilize COBC complaint and reporting procedures with regard to violations or potential violations of federal securities laws before such employee makes a whistleblower submission to a governmental enforcement authority. The policy will also provide a mechanism for confidential reporting by, and protection of, directors, officers, employees, agents, business partners, vendors, subcontractors and consultants respecting reporting of violations of law or the COBC (including instructions or pressure from superiors not to report such violations) and will summarize whistleblower protections under the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act and Halliburton's policies.

### **30. REVISION OF CODE OF BUSINESS CONDUCT: U.K. BRIBERY ACT**

- A. Halliburton will amend its COBC and bribery-related compliance directives as it applies to individuals and entities covered by the U.K. Bribery Act to prohibit such individuals and entities from engaging in (i) bribery in all commercial transactions (irrespective of whether the bribe is paid to a governmental official) and (ii) "facilitating payments" paid to foreign officials to expedite functions they would normally do anyway, such as clearing goods through customs.
- B. Halliburton will enhance the compliance training provided to individuals covered by the U.K. Bribery Act to mitigate the prospect that Halliburton will be found "strictly liable" for bribery not only by its own officials, but also by those who provide services on behalf of the Company, including training (i) on completing "required paperwork" for licenses, construction and work permits, visa applications, import conditions, etc. and (ii) respecting the Company's guidelines for engaging and overseeing its subcontractors' and agents' preservation of certificates.

### **31. PRESERVATION OF CERTIFICATES**

Halliburton will enhance its preservation and archiving policies to ensure that all certifications reflecting employees' agreements to abide by the Company's COBC,

including compliance with applicable governmental laws, rules and regulations and other policies, as well as all documents reflecting employees' training on those matters, are appropriately archived.

**32. ENHANCEMENTS TO AUDIT SERVICES**

Halliburton will strive to maintain a ratio of approximately one Audit Services position for every 5,000 Halliburton employees.

**33. MANAGEMENT COMMUNICATIONS REGARDING COMPLIANCE, CONTROL AND ETHICS ISSUES**

Halliburton newsletters, email updates and intranet postings will include, in the aggregate, at least six articles every calendar year addressing compliance, control or ethics issues authored by or attributed to senior managers.

**34. CFO POSITION**

Halliburton will not employ as a Chief Financial Officer an individual who was employed by the Company's external auditor during the prior two years or, if the individual was involved in the external auditor's audit of Halliburton, during the prior five years.

| <b>DEFINITIONS</b> |  |
|--------------------|--|
| A.                 | "Affiliate" means any individual or entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or in under common control with, the Company. |
| B.                 | "COBC" means Halliburton's Code of Business Conduct.   |
| C.                 | "Company" means Halliburton and includes any parent or subsidiary in a consolidated group with Halliburton.  |



| <b>DEFINITIONS</b> |  |
|--------------------|--|
| D.                 | “Directors” means non-management directors; management directors shall be considered as Officers for purposes of these Corporate Governance and Internal Control Revisions.  |
| E.                 | “Exchange Act” means the Securities Exchange Act of 1934.  |
| F.                 | “Exchange Act Executive Officer” has the meaning specified in Rule 16a-1(f) under the Exchange Act.  |
| G.                 | “Executive Committee” means the management committee charged with, among other things, setting compensation for employees eligible for participation in the Management Performance Pay Plan.   |
| H.                 | “Executive Officers” means the Chief Executive Officer and the Executive Vice President and Chief Human Resources Officer.   |
| I.                 | “FCPA” means the Foreign Corrupt Practices Act.  |
| J.                 | “HRC” means High Risk Country.   |
| K.                 | “Immediate Family Member” means a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home. For purposes of the look-back provision in Sections 15.A and 15.D above, Immediate Family Member will not include individuals who are no longer Immediate Family Members as a result of legal separation or divorce, or those who have died or become incapacitated. |
| L.                 | “Legal Expenses” means reasonable costs, charges, fees (including, but not limited to, attorneys’ fees and experts’ fees) and expenses incurred by an officer or Director relating to his or her defense with respect to an indictment of, or the filing of a civil complaint by, a state or federal government agency.  |
| M.                 | “Management HR Committee” means a management committee consisting of Halliburton’s Chief Executive Officer and Chief Human Resources Officer and three other individuals appointed to such committee by the Chief Human Resources Officer in consultation with the Chairs of the Nominating and Corporate Governance Committee and the Compensation Committee.   |
| N.                 | “Named Executive Officers” means those officers defined in Item 402(a)(3) of Regulation S-K.   |
| O.                 | “Non-Executive Officers” means Officers who are not Executive Officers.  |
| P.                 | “Officers” means those officers classified at the “Executive C” Level and above as identified from time to time by Halliburton, which Officers will include, among others, Named Executive Officers and those individuals subject to the reporting and liability provisions of Section 16 of the Exchange Act.   |

| <b>DEFINITIONS</b>   |   |
|--|---|
| Q.   | “Recklessly” means a knowing disregard of a substantial and unjustifiable risk that amounts to an “I don’t care” attitude; it occurs when a person, with no intent to cause harm, performs an act so unreasonable and so dangerous that he or she knows, or consciously disregards whether, that harm will probably result. |
| R.   | “Significant Violation” means a breach of fiduciary duty arising from a material violation of a United States federal or state law.   |
| S.   | “Substantially Participated” means (i) personal involvement in a violation of law by a relevant individual and does not encompass a violation asserted against Halliburton itself and (ii) that the relevant individual knowingly or Recklessly engaged in a Significant Violation of federal or state law.                 |
| <b>STATEMENT OF INTENT</b>   |   |
| <p>The revisions set out in this agreement are intended by the parties to enhance Halliburton’s control environment and, as set out above, are intended to remain in place for five (5) years. However, consistent with the holding of the Delaware Supreme Court in <i>CA, Inc. v. AFSCME Employees Pension Fund</i>, 953 A.2d 227 (Del. 2008), the parties agree that nothing in this agreement should be construed to “commit [Halliburton’s] board of directors to a course of action that would preclude them from fully discharging their fiduciary duties to [Halliburton] and its shareholders.” Accordingly, if a majority of the Directors conclude that an amendment, modification or suspension of any of the corporate revisions set out in this agreement is necessary for them fully to discharge their fiduciary duties, including acting in what such Directors deem to be in the best interests of Halliburton, such Directors may amend, modify or suspend the revisions; provided however, that Halliburton will provide plaintiffs with notice of any such amendments, modifications or suspensions at least ten (10) business days prior to the date such amendment, modification or suspension will become effective.</p> |   |

**EXHIBIT B**

**Cause No. 2009-29987**

**POLICEMEN AND FIREMEN  
RETIREMENT SYSTEM OF THE CITY OF  
DETROIT, et al.,**

**Petitioners,**

**v.**

**CORNELISON, et al.,**

**Defendants,**

**and**

**HALLIBURTON COMPANY, a Delaware  
Corporation,**

**Nominal Defendant.**

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**IN THE DISTRICT COURT OF  
  
HARRIS COUNTY, TEXAS  
  
165th JUDICIAL DISTRICT**

**PROPOSED ORDER PRELIMINARILY APPROVING SETTLEMENT,  
DIRECTING NOTICE TO SECURITIES HOLDERS AND ATTORNEYS, AND  
SETTING HEARING FOR FINAL APPROVAL OF SETTLEMENT**

WHEREAS, the Petitioners in this Action, a shareholder who made demand on the Board of Directors of Halliburton Company, nominal defendant Halliburton Company, and the individual defendants named in the Petition (collectively, the “Settling Parties”) have entered into a Stipulation of Settlement that would settle all claims made in this Action and in the demanding shareholder’s demand letter; and

WHEREAS, the Petitioners have filed an uncontested application for preliminary approval of the proposed settlement and for entry of an order and judgment in connection

with the proposed settlement and have attached to their application the May \_\_, 2012 Stipulation of Settlement and Exhibits, including a set of corporate governance revisions (Exhibit A), a proposed order preliminarily approving the settlement, directing notice of the proposed settlement to Securities Holders and setting a hearing for final approval of the settlement (Exhibit B), a proposed notice to be published regarding the proposed settlement (Exhibit C), and a proposed order approving the settlement and judgment (Exhibit D) (the Stipulation of Settlement and Exhibits shall collectively be referred to as the “Agreement”);

IT IS HEREBY ORDERED, as follows:

1. **Definitions** – To the extent not defined in this Order, this Court adopts and incorporates the definitions in the Agreement for purposes of this Order.

2. **Preliminary Findings Regarding Proposed Settlement** – The Court finds that the proposed settlement as evidenced by the Agreement is sufficiently fair, reasonable and adequate to warrant providing notice of the Action and the proposed Agreement to Halliburton Securities Holders and holding a Fairness Hearing on the Agreement. In making this finding, the Court preliminarily concludes that the proposed settlement appears to have resulted from negotiations conducted at arm’s length by the Settling Parties and their counsel, under the auspices of an experienced mediator, and that the terms and conditions of the Agreement do not have any obvious deficiencies.

3. **Scheduling of Fairness Hearing** – A hearing (the “Fairness Hearing”) will be held on \_\_\_\_\_, 2012, at \_\_\_\_\_, .m. CDT in the Harris County Civil Courthouse, 201 Caroline, Houston, Texas 77002, to, among other things:

- a. determine finally whether the proposed settlement, the terms and conditions of which are set out in the Agreement, are fair, reasonable, adequate and in the best interests of the Company and its shareholders and should be approved by the Court;
- b. determine finally whether the form and method of notice to Securities Holders that will be implemented pursuant to the Agreement satisfies the requirements of the Texas Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Local Rules of this Court, and any other applicable law, sufficiently informs Securities Holders about Agreement and the Fairness Hearing to Securities Holders, and gives all persons and entities entitled to receive notice sufficient opportunity to respond;
- c. determine finally whether Petitioners and the Demanding Shareholder fairly and adequately represented the similarly-situated Securities Holders;
- d. determine whether the Proposed Order Approving Settlement and Judgment (a copy of which is attached in its entirety as Exhibit A) should be entered in this Action pursuant to the proposed Agreement;
- e. determine whether the Action should be dismissed with prejudice pursuant to the terms of the Agreement;

- f. determine whether an injunction consistent with the preliminary injunction that is set out in paragraph 11 of this Order should be permanently entered by the Court (as set out in the attached Proposed Order Approving Settlement and Judgment at paragraph 13);
- g. determine whether a complete bar (the “Complete Bar Order”), as set out in attached Proposed Order Approving Settlement and Judgment at paragraph 14), should be entered;
- h. determine whether to grant Petitioners’ counsel’s and the Demanding Shareholder’s counsel’s application for an Attorneys’ Fees and Expenses Award; and
- i. determine any other matters relating to the approval and implementation of the Agreement.

4. ***Review of the Agreement*** – The Court may approve the Agreement (with or without any modifications executed by the Settling Parties) and enter the Proposed Order Approving Settlement and Judgment at or after the Fairness Hearing or any adjournment of the Fairness Hearing and dismiss the Petition on its merits and with prejudice with or without further notice to any persons or entities other than the parties to this Action.

5. ***Publication Notice*** – No later than \_\_\_\_\_, 2012, the Settling Parties shall cause notice of the Fairness Hearing substantially in the form filed with the Court as Exhibit C to the Agreement (the “Publication Notice”) to be published

in *The Wall Street Journal*, *The Houston Chronicle* and *Investor's Business Daily*. The Company also shall cause the Publication Notice to be filed with the Securities and Exchange Commission as an attachment to a Form 8-K.

6. The Company shall publish the Publication Notice and the Agreements on its website.

7. ***Notice and Administrative Costs*** – The Company will pay or cause to be paid all costs associated with providing the notice described in paragraph 5 of this Order.

8. ***Notice Findings*** – The Court finds that the form and method of notice specified in the Agreement and set out in paragraph 5 of this Order satisfy the requirements of the Texas Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Local Rules of this Court and any other applicable law, and sufficiently informs all relevant persons and entities about the Agreement and the Fairness Hearing and gives all such persons and entities sufficient opportunity to respond.

9. The Company, at or before the Fairness Hearing, shall cause to be filed proof of notice as set out in paragraph 5 of this Order.

10. ***Company Communications with Securities Holders*** – The Company is authorized to communicate with Securities Holders about the Publication Notice and the terms of the Agreement, and to engage in any other communications with Securities Holders within the normal course of the Company's business.

11. ***Preliminary Injunction*** – Pending final determination by the Court whether the Agreement should be approved, this Court preliminarily bars and enjoins

Petitioners, the Demanding Shareholder, all other Securities Holders, and the Company (whether acting on its own behalf or by and through its shareholders, or any of them), or any of their respective representatives, trustees, successors, heirs, agents, and assignees, and anyone else purporting to act on behalf of or derivatively for any of the above from filing, commencing, prosecuting, intervening in, participating (as a nominal defendant or otherwise) or receiving any benefits or other relief from, any other lawsuit, arbitration or administrative, regulatory or other proceeding (as well as filing a complaint in intervention in these proceedings in which the person or entity filing such complaint in intervention purports to be acting on behalf of or derivatively for any of the above) or order as to Releasees in any jurisdiction or forum based on or relating to (i) the claims and causes of action, or the facts and circumstances thereto, asserted in this Action and/or (ii) any claims that will be released by the Agreement if the Court approves it; *provided however*, that nothing in the preliminary injunction granted by the Court shall bar any Releasee or the Company from asserting any defense or any claim against any non-Releasee in any pending or future judicial, administrative, regulatory, arbitration or other proceeding other than the Action.

12. **Objections** – Securities Holders who wish to object to the fairness, reasonableness or adequacy of the Agreement, to any term(s) of the Agreement, or to the proposed attorneys’ fees and expenses award must both serve on the Settling Parties’ counsel and file with the Court by no later than \_\_\_\_\_, 2012 (thirty (30) days before the Fairness Hearing as scheduled in this Order) a statement of objection(s). The Securities Holder may object on his, her or its own, or through counsel



hired at his, her or its own expense. The Securities Holder's statement of objection(s) should set out the specific reason(s), if any, for each objection, including any legal support the Securities Holder wishes to bring to the Court's attention and any evidence the Securities Holder wishes to introduce in support of such objection(s). The statement of objection must also include the following information about the Securities Holder or (if represented by counsel) about the attorney: (i) name, (ii) address, (iii) telephone number, (iv) e-mail address, if available, and (v) evidence that the individual or entity on whose behalf the objection has been made is a Securities Holder of the Company.

13. Any attorney hired by a Securities Holder for the purpose of objecting pursuant to paragraph 12 must both serve on the Settling Parties' Counsel and file with the Court by no later than \_\_\_\_\_, 2012 (thirty (30) days before the Fairness Hearing as scheduled in this Order) a notice of appearance.

14. Attendance at the Fairness Hearing is not necessary. However, any Securities Holder who files and serves a timely written objection pursuant to paragraph 12 – and only such Securities Holders – may appear at the Fairness Hearing either in person or through personal counsel retained at his, her or its own expense. Such Securities Holders or their counsel who intend to make an appearance at the Fairness Hearing must serve on the Settling Parties' counsel and file with the Court by no later than \_\_\_\_\_, 2012 (thirty (30) days before the Fairness Hearing as scheduled in this Order) an intention to appear.

15. Any Securities Holder that fails to comply with the requirements of paragraphs 12 through 14 of this Order shall waive and forfeit any and all rights he, she

or it may have to object and/or to appear separately at the Fairness Hearing. Securities Holders do not need to appear at the hearing or take any other action to indicate their approval of the Agreement.

16. Any Securities Holder that submits an objection to the Agreement shall be deemed to consent to the exclusive jurisdiction of this Court with respect to such objection and all issues that arise or relate to such objection, including any order issued or findings made by the Court regarding the objection.

17. *Filing and Service of Submissions* – Any Securities Holder wishing to make a submission pursuant to paragraphs 12 through 14 of this Order must serve such submission on the Settling Parties’ counsel and file it with the Court as follows:

a. the submission must be filed with the Clerk of the Harris County Civil Court at the Harris County Civil Courthouse, 201 Caroline, Houston, Texas 77002, and

b. the submission must be served by facsimile, e-mail, and/or next day (excluding Saturday or Sunday) express delivery service upon each of the following counsel:

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and

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Houston, TX 77002  
Telephone: (713) 224-4400  
Facsimile: (713) 224-5153

18. Counsel for the Settling Parties are directed promptly to inform each other of any submission served on them (or that otherwise comes into their possession) pursuant to paragraphs 12 through 14 of this Order.

19. ***Papers Submitted by Settling Parties Regarding the Settlement*** – The Settling Parties shall file with the Court (and serve on each other) any papers they wish to submit in support of the proposed settlement (including in opposition to any objections filed by Securities Holders) by no later than \_\_\_\_\_, 2012.

20. ***Termination of Agreement*** – This Order shall become null and void, and shall be without prejudice to the rights of the parties in this Action or the Demanding Shareholder, all of whom shall be restored to their respective positions existing

immediately before this Court entered this Order if (i) the Agreement is not finally approved by the Court, or does not become Final, or (ii) the Agreement is terminated or does not become effective in accordance with its terms or for any reason. In such event, (i) all provisions of the Agreement other than its termination provisions shall become null and void and be of no further force or effect, (ii) neither the Agreement (other than its termination provisions) nor any Court order regarding the Agreement, including this Order, shall be used or referred to for any purpose whatsoever and (iii) none of the Agreement, this Order, the negotiation of the Agreement and statements or court proceedings relating to the Agreement shall in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in this Action, any other action, or any other judicial, administrative, regulatory or other proceeding, except in a proceeding to enforce this provision of this Order. Without limiting the foregoing, neither the Agreement nor any related negotiations, statements, or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity including, but not limited to, the Company and the Individual Defendants, as a waiver by the Company or the Individual Defendants of any applicable defense, or as a waiver by Petitioners, the Demanding Shareholder or the Company of any claims, causes of action or remedies.

21. ***Retention of Jurisdiction*** – Subject to the dispute resolution provisions found at Section III.D of the Agreement, this Court retains exclusive jurisdiction over the Action to consider all further matters arising out of or connected with the Agreement,

including a determination whether the proposed settlement should be approved as fair, reasonable and adequate and in the best interest of the Company and its shareholders and to enter an order so finding.

22. *Adjournment of Fairness Hearing* – The Court reserves the right to continue the Fairness Hearing without further written notice to Securities Holders or anyone else other than the Settling Parties.

So ordered this \_\_\_\_ day of \_\_\_\_\_, 2012.

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THE HONORABLE JOSEFINA RENDON

**EXHIBIT C**

**NOTICE TO ALL PERSONS AND ENTITIES WHO HOLD OR BENEFICIALLY OWN COMMON STOCK OR OTHER SECURITIES OF HALLIBURTON COMPANY OF PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE ACTION AND OF SETTLEMENT HEARING**

*HALLIBURTON SECURITIES HOLDERS ARE HEREBY NOTIFIED THAT A PENDING SHAREHOLDER DERIVATIVE ACTION BROUGHT ON BEHALF OF HALLIBURTON COMPANY HAS BEEN SETTLED. THIS NOTICE IS NOT AN EXPRESSION OF ANY OPINION BY THE TEXAS COURT IN WHICH THE ACTION IS PENDING AS TO THE MERITS OF CLAIMS OR DEFENSES ASSERTED IN THE ACTION. THE STATEMENTS CONTAINED IN THIS NOTICE DO NOT CONSTITUTE FINDINGS OF THE TEXAS COURT.*

Summary information regarding the action and the settlement is as follows:

| Name of Case  | Date of Settlement Hearing | Date Objections are Due |
|---|----------------------------|-------------------------|
| <i>Policemen and Firemen Retirement System of the City of Detroit, et al. v. Cornelison, et al., Cause No. 2009-299987 (Harris Cty Dist. Ct, 165th Jud. Dist., Texas)</i> |                            |                         |

Please note that the Court may, in its discretion, change the date and/or time of the Settlement Hearing in the action without further notice to you.

The Court has entered a preliminary injunction (the full text of which is found in the Court's order preliminarily approving the settlement) barring and enjoining Halliburton's securities holders and Halliburton from taking certain actions relating to the claims and causes of action asserted in the action and the claims that will be released by the settlement agreement if the settlement is approved.

*IF YOU WANT TO OBTAIN MORE INFORMATION REGARDING THE PENDING ACTION (INCLUDING THE PETITION FILED IN THE ACTION), THE SETTLEMENT (INCLUDING A COPY OF THE SETTLEMENT AGREEMENT), YOUR RIGHTS UNDER THE SETTLEMENT (INCLUDING TO OBJECT TO IT), THE PRELIMINARY INJUNCTION OR ANY OTHER INFORMATION RELATING TO THE ACTION OR THE SETTLEMENT, YOU CAN REVIEW THE MATERIALS FILED WITH THE COURT OR CONTACT THE PETITIONERS' COUNSEL BY TELEPHONE ( \_\_\_\_\_ ), BY EMAIL ( \_\_\_\_\_ ) OR BY MAIL ( \_\_\_\_\_ ). PLEASE DO NOT CONTACT THE COURT ABOUT THE SETTLEMENT AGREEMENT.*



**EXHIBIT D**

**Cause No. 2009-29987**

**POLICEMEN AND FIREMEN  
RETIREMENT SYSTEM OF THE CITY OF  
DETROIT, et al.,**

**Petitioners,**

**v.**

**CORNELISON, et al.,**

**Defendants,**

**and**

**HALLIBURTON COMPANY, a Delaware  
Corporation,**

**Nominal Defendant.**

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**IN THE DISTRICT COURT OF  
HARRIS COUNTY, TEXAS  
165th JUDICIAL DISTRICT**

**PROPOSED ORDER APPROVING SETTLEMENT AND JUDGMENT**

WHEREAS, the Petitioners in this Action, a shareholder who made demand on the Board of Directors of Halliburton Company, nominal defendant Halliburton Company and the individual named defendants (collectively, the “Settling Parties”) have entered into a Stipulation of Settlement filed with the Court on \_\_\_\_\_, 2012; and

WHEREAS, on \_\_\_\_\_, 2012, the Court entered an Order Preliminarily Approving Settlement, Directing Notice to Shareholders and Attorneys, and Setting Hearing for Final Approval of Settlement (the “Preliminary Approval Order”) in

which the Court ordered, among other things, that (i) publication notice be provided to Securities Holders, (ii) a Fairness Hearing be scheduled for \_\_\_\_\_, 2012 and (iii) Securities Holders be provided with an opportunity to object to the proposed settlement and to appear at the Fairness Hearing; and

WHEREAS, the Court held a Fairness Hearing on \_\_\_\_\_, 2012 to determine, among other things, whether to finally approve the Stipulation of Settlement.

NOW THEREFORE, based on the submissions of the Settling Parties, on the argument of counsel at the Fairness Hearing, and on this Court's Findings of Fact and Conclusions of Law, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

1. ***Incorporation of Agreement*** – To the extent not defined in this Order Approving Settlement and Judgment (the “Order and Judgment”), this Court adopts and incorporates the definitions in the Agreement.

2. This Order and Judgment incorporates and makes a part hereof:

a. The Stipulation of Settlement entered into on \_\_\_\_\_, 2012 and

b. Exhibits A through D to the Stipulation of Settlement.

The Stipulation of Settlement and all exhibits thereto shall be referred to collectively as the “Agreement.”

3. ***Jurisdiction*** – The Court has personal jurisdiction over all Securities Holders of Halliburton Company (the “Company”) and has subject matter jurisdiction

over this Action, including jurisdiction to, among other things, approve the Settlement and dismiss the Action with prejudice.

4. ***Adequacy of Petitioners and Demanding Shareholder*** – Petitioners and the Demanding Shareholder have held stock in Halliburton continuously since the commencement of the Action and otherwise have standing to prosecute this Action on behalf of Halliburton and its Securities Holders.

5. Petitioners, the Demanding Shareholder and their respective counsel have fully and adequately represented Securities Holders for purposes of entering into and implementing the Agreement and the proposed settlement.

6. ***Proof of Notice*** – The Settling Parties filed with the Court adequate proof regarding the publication of the Publication Notice materially consistent with directives in the Preliminary Approval Order.

7. ***Notice to Securities Holders*** – The Court finds that the Publication Notice provided to Securities Holders regarding the Agreement was simply written and readily understandable, and the Publication Notice and notice methodology: (i) constituted the best practicable notice, (ii) were reasonably calculated, under the circumstances, to apprise Securities Holders of the pendency of the Action and the claims in the Action, and their ability to object to the proposed settlement and to appear at the Fairness Hearing, (iii) were reasonable and constituted due, adequate and sufficient notice to all persons entitled to receive notice and (iv) met all applicable requirements of Texas Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Local Rules of this Court, and any other applicable law.

8. ***Final Settlement Approval*** – The terms and provisions of the Agreement have been entered into in good faith under the auspices of an experienced mediator who has filed an affidavit in support of the Agreement. The terms and provisions of the Agreement are hereby fully and finally approved as fair, reasonable and adequate as to, and in the best interests of, the Company and its Securities Holders, and in full compliance with all applicable requirements of the Texas Rules of Civil Procedure, the Texas Business Corporation Act, the Texas Business Organizations Code, the United States Constitution (including the Due Process Clause), the Local Rules of the Court and any other applicable law).

9. ***Implementation of the Agreement*** – The Settling Parties and their counsel are directed to implement and consummate the Agreement according to its terms and conditions.

10. ***Binding Effect*** – The Agreement and this Order and Judgment shall be forever binding on the Releasors and Releasees as to all claims and issues that have been, could have been, or could be raised in the Action or the Shareholder Demand. As to all such claims and issues, the Order and Judgment have *res judicata* and other preclusive effect in all pending and future lawsuits or other proceedings maintained by or behalf of the Company.

11. ***Termination of the Agreement*** – In the event the Agreement is terminated as provided under its terms, all terms and conditions set out in the Agreement other than those in Section IX.F shall become null and void and of no further force and effect. In such event, the Agreement shall not be used or referred to for any purpose whatsoever in

this or any proceeding (other than to enforce Section IX.F), and all negotiations and proceedings relating to the Agreement shall be deemed to be withdrawn without prejudice as to the rights of each of the Settling Parties, all of whom shall be restored to their respective positions existing immediately before the Execution Date, except with respect to the payment of Notice and Administrative Expenses as described in Section IX.F.9 of the Agreement.

12. **Release** – The Release as set forth in Section III.E of the Agreement and its relevant definitions (a copy of which is attached as Appendix A to this Order and Judgment) is expressly incorporated herein in all respects. The Release shall be effective as of the Final Settlement Date. The Settling Parties agree and acknowledge that the provisions of the Release together constitute an essential term of the Agreement.

13. **Permanent Injunction** – The Court hereby permanently bars and enjoins Petitioners, the Demanding Shareholder, all other Securities Holders and the Company (whether acting on its own behalf or by and through its shareholders, or any of them), or any of their respective representatives, trustees, successors, heirs, agents and assignees, and anyone else purporting to act on behalf of or derivatively for any of the above from filing, commencing, prosecuting, intervening in, participating (as a nominal defendant or otherwise) or receiving any benefits or other relief from, any other lawsuit, arbitration or administrative, regulatory or other proceeding (as well as filing a complaint in intervention in these proceedings in which the person or entity filing such complaint in intervention purports to be acting on behalf of or derivatively for any of the above) or order as to Releasees in any jurisdiction or forum based on or relating to (i) the claims

and causes of action, or the facts and circumstances thereto, asserted in this Action and/or (ii) any claims that have been released in the Settlement Agreement.

14. ***Complete Bar Order*** – The Court finds that the Agreement represents a good faith settlement of all Released Shareholder/Company Claims sufficient to discharge the Releasees of all Released Securities Holder/Company Claims of all Releasers. In order to effectuate such settlement, the Court hereby enters the following bar:

a. Any and all persons and entities are permanently barred, enjoined and restrained from commencing, prosecuting or asserting any claim against any Releasee arising under state, federal or common law, however styled (whether for indemnification or contribution or otherwise denominated, including, without limitation, claims for breach of contract, breach of fiduciary duty or misrepresentation) where the alleged injury of the person or entity is that person's or entity's alleged liability to the Company, where such claim is based upon, arises out of, or relates to any Released Claim belonging to the Company, including, without limitation any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences that are alleged in the Petition, whether such claim is legal or equitable, known or unknown, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, including, without limitation, any claim in which a person or entity seeks to recover from any of the Releasees (i) any amounts such person or entity may become liable to pay to the Company and/or (ii) any costs, expenses or attorneys' fees from defending any claim by the Company. All such claims are hereby extinguished, discharged, satisfied and unenforceable, subject to a

hearing to be held by the Court, if necessary. For the avoidance of doubt, the provisions of this paragraph 14.a are intended to preclude any liability on the part of any of the Releasees to any person or entity for indemnification, contribution or otherwise respecting any claim based upon, arising out of, or relating to any Released Securities Holder/Company Claim belonging to the Company where the alleged injury or damage to such person or entity is that person's or entity's alleged liability to the Company, including, but not limited to, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences that are alleged in the Petition; *provided* that, with respect to any judgment against any person or entity on behalf of the Company or a shareholder bringing a claim derivatively on behalf of the Company based upon, arising out of, or relating to any Released Securities Holder/Company Claim, including, without limitation, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences that are alleged in the Petition, that person or entity shall be entitled to a credit of an amount that corresponds to the percentage of responsibility of the Releasee for the loss to the Company. If any provision of this paragraph 14.a is subsequently held to be unenforceable, such provision shall be substituted with such other provision as may be necessary to afford all of the Releasees the fullest protection permitted by law from any claim that arises out of or relates to any Released Securities Holder/Company Claim belonging to the Company, including, without limitation, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences that are alleged in the Petition.

b. Each and every Releasee is permanently barred, enjoined and restrained from commencing, prosecuting or asserting any claim against any person or entity (including any other Releasee) arising under state, federal or common law, however styled (whether for indemnification or contribution or otherwise denominated, including, without limitation, claims for breach of contract, breach of fiduciary duty or misrepresentation), where the alleged injury or damage to the Releasee is the Releasee's alleged liability to the Company, where such claim is based upon, arises out of, or relates to any Released Securities Holder/Company Claim belonging to the Company, including, without limitation, any claim that is based upon, arises out of, or relates to the Action, or the transactions and occurrences alleged in the Petition, whether such claim is legal or equitable, known or unknown, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, including, without limitation, any claim in which the Releasee seeks to recover from any person or entity, including another Releasee, (i) any amounts such Releasee has or may become liable to pay to the Company and/or (ii) any costs, expenses or attorneys' fees from defending any claim by the Company. All such claims are hereby extinguished, discharged, satisfied and unenforceable. However, notwithstanding anything stated in this Complete Bar Order or in the Agreement, if any person or entity commences against any Releasee any action asserting a claim that is based upon, arises out of, or relates to any Released Securities Holder/Company Claim belonging to the Company, including, without limitation, any claim that is based upon, arises out of or relates to the Action, or the transactions and occurrences alleged in the Petition, and if such claim is not barred by a court pursuant to paragraph 14.a of this Order and Judgment



or is otherwise not barred the Complete Bar Order, neither the Complete Bar Order nor the Agreement shall bar claims by that Releasee against such person or entity.

c. Notwithstanding the Complete Bar Order or any other provision of this Order and Judgment, each Releasee shall be deemed to have, and by operation of this Order and Judgment, shall have fully, finally and forever released, relinquished and discharged each and all of the Petitioners, Petitioners' Counsel, Demanding Shareholder, Demand Counsel, Company Counsel, Committee Counsel, Individual Defendants' Counsel, Halliburton and the Securities Holders from all Claims arising out of, relating to or in connection with the institution, prosecution, assertion, settlement or resolution of the Action or the Released Securities Holder/Company Claims. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the term of the Agreement or this Order and Judgment.

15. ***Reservation of Certain Rights*** – Notwithstanding the permanent injunction or complete bar set out in paragraphs 13 and 14, respectively, of this Order and Judgment, neither the Releasees nor the Company shall be barred from asserting any defense or any claim against any non-Releasee in any pending or future judicial, administrative, regulatory, arbitration or other proceeding other than the Action.

16. ***No Admissions*** – None of the Agreement, this Order and Judgment, any of the provisions of the Agreement, the negotiation of the Agreement, the statements or court proceedings relating to the Agreement, any document referred to in this Order and Judgment, any action taken to carry out this Order and Judgment, or any prior orders in this Action shall be (i) construed as, offered as, received as, used as or deemed to be

evidence of any kind in this Action, any other action, or any judicial, administrative, regulatory or other proceeding or (ii) construed as, offered as, received as, used as or deemed to be evidence of an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including, without limitation, the Company and the individual defendants; *provided however*, that this Order and Judgment and the Agreement may be used as evidence of the terms of the Agreement or to enforce the provisions of this Order and Judgment or the Agreement; *provided further* that this Order and Judgment and the Agreement may be filed in any action against or by the Company or other Releasees to support a defense of *res judicata*, collateral estoppel, release, waiver, good faith settlement, judgment bar or reduction, full faith and credit, or any theory of claim preclusion, issue preclusion, or similar defense or counterclaim.

17. ***Enforcement of Settlement*** – Nothing in this Order and Judgment shall preclude any action to enforce the terms of the Agreement.

18. ***Attorneys' Fees and Expenses Award*** – Consistent with Tex. Bus. Corp. Act Art. 5.14.J(1)(a), Petitioner's and the Demanding Shareholder's counsel are hereby awarded an Attorneys' Fees and Expenses Award in the amount of \_\_\_\_\_.

19. ***No Other Payments*** – Paragraph 18 of this Order and Judgment covers, without limitation, any and all claims for attorneys' fees and expenses, costs or disbursements incurred by Petitioners and the Demanding Shareholder's counsel or by any other counsel of record representing Securities Holders in this Action.

20. ***Modification of Agreement*** – The Settling Parties are hereby authorized, without further notice to or approval by the Court, to agree to and adopt such

amendments, modifications and expansions of the Agreement and its implementing documents (including all exhibits to the Agreement) that are not materially inconsistent with this Order and Judgment and do not limit the rights of Petitioners, the Demanding Shareholder, any other Securities Holders, the Company, Individual Defendants or any other Releasees under the Agreement.

21. ***Findings of Fact and Conclusions of Law*** – The Settling Parties have been directed jointly to prepare proposed findings of fact and conclusions of law in support of the Court’s Order and Judgment.

22. ***Retention of Jurisdiction*** – The Court has jurisdiction to enter this Order and Judgment. Without in any way affecting the finality of this Order and Judgment and subject to the dispute resolution provisions found at Section III.D of the Agreement, this Court expressly retains exclusive and continuing jurisdiction over the Agreement, the Settling Parties, all Securities Holders and all Releasees to adjudicate all issues relating to this Agreement, including, without limitation, any issues relating to this Order and Judgment; *provided however*, that nothing in this paragraph 22 shall restrict the ability of the Settling Parties to exercise their rights under paragraph 20. Any action arising under or to enforce this Agreement or this Order and Judgment shall be commenced and maintained only in this Court.

23. ***Good Faith Findings*** – The Court finds that the Petition was filed as to all defendants (including the Company as a nominal defendant) on a good faith basis and in accordance with Rule 13 of the Texas Rules of Civil Procedure based upon all publicly available information. The Court finds that all parties to the Action and their counsel

have acted in good faith and have complied with each requirement of Rule 13 with respect to all proceedings herein.

24. ***Dismissal of Action*** – This Action is hereby dismissed on the merits and with prejudice as to all defendants, without fees or costs to any party except as otherwise provided in this Order and Judgment and in the Agreement.

So ordered this \_\_\_\_ day of \_\_\_\_\_, 2012.

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THE HONORABLE JOSEFINA RENDON